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ABSTRACT

The ability of California to provide quality education for its youth depends both on the state's capacity to fund K-12 education and on how the education dollars are used to provide educational services after they are allocated. This report examines how California's federal, state, and local education dollars are spent after they are allocated to K-12 education. Drawing on data provided through California's financial reporting system for counties and school districts as well as on the budgets of particular school districts, the report describes K-12 total and per-pupil expenditures for California's districts for school year 1992-93. The report examines in detail how county offices of education, district offices, and schools spent their education dollars. It also examines differences in how resources were allocated among school districts, with a focus on different kinds of school districts (elementary, secondary, and unified) and special-needs populations. The data show that total unduplicated school-district, county, and state K-12 expenditures for the 1992-93 school year were $27,567 million. This resulted in a per-pupil expenditure of $5,353 for all students enrolled in California school districts. The majority of spending--$25,433 million--occurred at the school-district level, about 92 percent of total K-12 expenditures. The majority of school-district spending was district general-fund spending, and the majority of this took place at school sites. In total, high school districts spent more than elementary or unified districts; they also spent more on each category of per-pupil expenditure. Finally, expenditures for special-education, Chapter 1, and school lunch/breakfast programs are presented. Thirteen figures and 21 tables are included. Appendices contain methodological notes, a list of expenditures by fund, variations in per-pupil expenditures across school districts, the formula for determining a "base" per-pupil expenditure, and a list of funding sources. (LMI)

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Tracking K–12 Education Spending in California

Cathy S. Krop, Stephen J. Carroll,
Randy L. Ross

Supported by
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Tracking K–12 Education Spending in California

Cathy S. Krop, Stephen J. Carroll,
Randy L. Ross

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Preface

This report examines how California's federal, state, and local education dollars are spent after they are allocated to K–12 education. The ability of California to provide a quality education for its youth depends both on California's ability to fund K–12 education and on how the education dollars are used to provide educational services after they are allocated.

In a previous study, RAND developed a simulation model of California school finance that showed the prospects for funding K–12 education over the next decade (Shires et al., 1993). The model pointed to a likely crisis in the fiscal ability of the state to fund increasing educational expenditures. This results from a disconnect between state fiscal conditions and the projected rapid growth rates in its K–12 population.

If policymakers are to efficiently allocate resources within the current system or are to consider changes to the current system, they need to know how the education dollars provided to the over 1,000 school districts in California are now being spent. In particular, they need to know what is spent at each of the levels at which educational expenditures are made, including the California Department of Education, the county offices of education, the district offices of education, and the schools themselves in support of K–12 education in California.

We have developed a large database from several sources that enables us to detail how education dollars are spent at each level within broadly defined expenditure categories. After examining the expenditure patterns of all school districts in California as a whole, we look at the differences in these expenditure patterns for different types of school districts and for the special-needs populations.

This report's findings should be of interest to a broad range of policymakers, researchers, administrators, teachers, and parents.

This research was funded by School Futures Research. It is part of a larger body of research on California school finance and on school reform efforts being conducted through RAND's Institute on Education and Training.

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Summary

The ability of California to provide a quality education for its youth depends both on California's capacity to fund K–12 education and on how the education dollars are used to provide educational services after they are allocated. The conflicting trends between California's fiscal well-being and the growth in its student population suggest that it will be difficult to keep per-pupil public K–12 spending constant throughout the 1990s (Shires et al., 1993). But, relative to other states, California's per-pupil spending on K–12 public education has already been falling for about 15 years. In 1978, California's per-pupil outlay on public education exceeded the national average. The situation has gotten increasingly worse since that year. In 1992–93, for example, California's per pupil spending for public education ranked 38th in the country and was lower than the national average by nearly $1,000 per pupil (National Education Association, 1994).

In the near term, it is doubtful that the state's relative position will improve (Shires et al., 1993). As a result, policymakers and the public have begun to focus increasingly on how California's limited education resources can be put to their best use. Information about how resources are actually used should form the basis for such analyses.

STUDY DESIGN

Drawing on the extensive data provided through California's financial reporting system for counties and school districts as well as on the detailed budgets of particular school districts, this report describes K–12 total and per-pupil expenditures for California's 1,000-plus districts for school year 1992–93 (the most recent year for which data were available). We examine in detail how county offices of education, district offices, and schools spend their education dollars. In addition to mapping out how school districts across California as a whole spend their money, we examine differences in how education resources are allocated among school districts. We focus particularly on how expenditures differ for elementary, secondary, and unified school districts as well as on how they differ for the special-needs populations. Ultimately, we would like to know how the resources are actually being put to use and whether they are being put to their most productive uses. Determining where the education dollars are going is the first step in that direction.

While similar studies on California K–12 expenditures have been carried out (Hayward, 1988), what distinguishes the present study is the level of detail that it provides. California's schools, school district offices, county offices, and Department of Education together make hundreds of types of expenditures in support of K–12 education in the state. This study presents one way to organize those education expenditures into categories of expenditure. We provide the details on what types of expenditures we have included in each of the categories of expenditure, the basis for their placement, and the size of each of the expenditures to enable users of this report to discuss the different types of expenditures, to move expenditures easily from one category to another, and to recategorize expenditures in other sensible ways.

FINDINGS

Total unduplicated school district, county, and state K–12 expenditures for the 1992–93 school year were $27,567 million. This results in a per-pupil expenditure of $5,353 for all students enrolled in school districts in California. As shown in Figure S.1, we divide total California K–12 education expenditures into a hierarchy of categories, from broader to narrower categories. The broadest categories are state operations expenditures, county office of education expenditures, and district expenditures. These broad categories of spending are then divided into more detailed categories of expenditures.

Clearly, the majority of K–12 spending, $25,433 million, takes place at the school-district level. District expenditures account for about 92 percent of total K–12 expenditures. Six percent of total K–12 expenditures take place at the county level, and 2 percent of total K–12 expenditures take place in support of state operations. Further, most spending takes place out of the general funds. District and county-general-fund expenditures together totaled $22,381 million and accounted for about 81 percent of total K–12 expenditures of $27,567 million for the 1992–93 school year.

School District Expenditures

As shown in Figure S.1, school districts spent about $25,433 million in the 1992–93 school year. Dividing this total through by the 5,149,597 students enrolled in school districts in California results in a per-pupil district expenditure of $4,939 for the 1992–93 school year.[1]

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[1] All of the per-pupil numbers shown here are averages across all school districts in California and do not show the variations that exist from school district to school district. See fuller explanations in Section 3 and Appendix D.

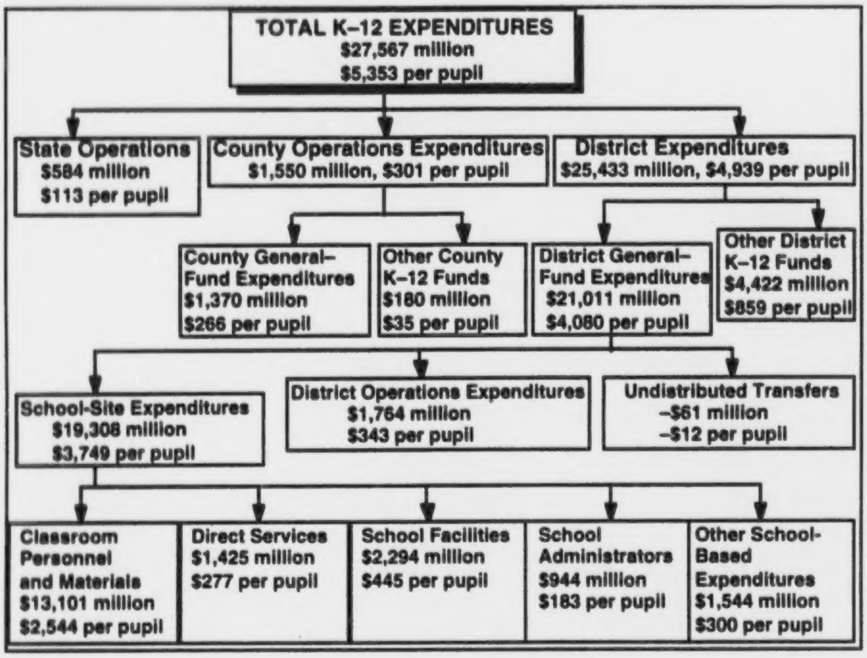

Figure S.1—Total K–12 Expenditures

The majority of this spending, $21,011 million, was **district general-fund spending**. And the majority of district general-fund spending, $19,308 million, took place at **school sites**. In total, districts spent $13,101 million on **classroom personnel and materials**, or $2,544 per pupil. Of this, about $11,505 million, or $2,234 per pupil, went to teachers' salaries and benefits. **Direct services** cost a total of about $1,425 million for the 1992–93 school year. The per-pupil expenditure on direct services was about $277. This includes about $397 million spent on guidance, welfare, and attendance salaries and about $348 million spent on pupil transportation salaries and benefits.

In 1992–93, California's schools spent about $2,294 million, or about $445 per pupil, on **school facilities**. This includes about $230 million for maintenance salaries, $690 million for operations salaries, and $302 million for the benefits for the two groups. In addition, schools spent about $481 million for their utilities.

Schools also spent about $944 million, or about $183 per pupil, on **school administrators** which includes the salaries and benefits of school principals and vice principals. Further, about $1,544 million of school district resources, or $300 per pupil, went to **other school-based activities**. This includes about $625 million paid to school clerical and other office salaries.

In addition, about $1,764 million, or $343 per pupil, of school district general-fund expenditures paid for **district operations**. This includes about $417 million paid to district clerical and other office salaries. Benefits to district office personnel, including superintendents, administrators, and clerical staff, totaled about $245 million for the 1992–93 school year. **Undistributed transfers** amounted to about $61 million, or $12 per pupil. These are negative because they are subtracted from total district expenditures to avoid double counting expenditures that are only transfers from one program, fund, or agency to another.

The individual categories of school district general-fund expenditures can be calculated as a percentage of total district general-fund expenditures or as a percentage of total K–12 expenditures. For example, school district general-fund expenditures on classroom personnel and materials of $13,101 million account for about 62 percent of total district general-fund expenditures and 47 percent of total K–12 expenditures. Likewise, district general-fund expenditures on district operations of $1,764 million account for about 8 percent of district general-fund expenditures and about 6 percent of total K–12 expenditures.

Beyond the general fund, school districts spend money from funds that are set aside for special purposes. For example, child nutrition program money is set aside in the cafeteria fund. In total, expenditures from these **other district K–12 funds** were $4,422 million, or about $859 per pupil, for the 1992–93 school year. The largest of these other funds, recording expenditures of $1,013 million, is the school lease-purchase fund, which is used to account separately for state apportionments used to reconstruct, remodel, or replace existing school buildings. In addition, school districts spent about $919 million from the cafeteria fund for the 1992–93 school year.

County Expenditures

California has 58 county offices of education, and they vary greatly in their functions and responsibilities. In total, county offices of education spent about $1,550 million, or $301 per pupil, for the 1992–93 school year.

As shown in Figure S.1, **county general-fund expenditures** totaled about $1,370 million, or $266 per pupil, for the 1992–93 school year. Pointing to a few of the larger types of county general-fund expenditures, counties reported expenditures of about $281 million on teachers' salaries for the 1992–93 school year. This amounts to about $55 for each of California's public school students. Counties also spent about $88 million on instructional aides' salaries. Benefits to teachers and instructional aides were about $104 million. In total, county salaries and benefits to teachers and instructional aides were about $473 million, or 35 percent of total county general-fund expenditures.

Counties also spent about $107 million on clerical and other office salaries and benefits. The largest single type of county general-fund spending, $325 million for the 1992–93 school year, is for other services and operating expenditures. This expenditure contains a wide variety of contracted services like transportation or payroll services.

As shown in Figure S.1, a relatively small share of county expenditures, $180 million or $35 per pupil, come from **other county K–12 funds,** which hold money aside for specific purposes. The largest of these is the county self-insurance fund with expenditures of about $153 million for the 1992–93 school year.

State Operations Expenditures

K–12 **state operations** expenditures totaled about $584 million, or $113 per pupil, for the 1992–93 school year. State operations include state spending on K–12 support services provided by the state, principally spending on the California Department of Education and repayments on state general obligation bonds.

California spent about $78 million for the operation of the California Department of Education for the 1992–93 school year. This is about $15 per pupil enrolled in school districts in California in the 1992–93 school year. The state has also over the years issued general obligation bonds primarily in support of capital facilities. Payments, including principal and interest, on these bond issues for the 1992–93 school year totaled about $483 million or $94 per pupil.

DISTINGUISHING EXPENDITURE PATTERNS OF DISTRICTS

In addition to describing how school districts as a group spend their money, we also looked at how expenditure patterns differ for elementary, secondary, and unified school districts as well as how they differ for the special-needs populations.

Expenditure Patterns by Type of District

We looked at the same categories of district general-fund spending as examined previously, but separately for unified, high school, and elementary school districts. Virtually all K–12 public school students are enrolled in one of three types of school districts: high school, elementary, or unified (which contains high school and elementary grades). For the 1992–93 school year, there were 596 elementary school districts, 301 unified school districts, and 104 high school districts for a total of 1,001 school districts in California.[2] While the majority of school districts in California are elementary school districts, the unified school districts enroll the majority of students. For the 1992–93 school year, elementary districts enrolled about 1.1 million students, unified districts enrolled about 3.6 million students, and high school districts enrolled about 0.4 million students, for a total of about 5.1 million students enrolled in school districts in California.

In total, per-pupil district general-fund expenditures for high school districts for the 1992–93 school year were about $4,511. Per-pupil general-fund expenditures for unified districts were about $4,119 and for elementary districts were about $3,777. In total then, high school district spend about $392 more than unified districts per pupil and about $734 more than elementary districts per pupil.

In addition to high schools spending more per pupil than elementary schools overall, we found that across each category of expenditure, as shown in Figure S.2, high school districts spent the most per pupil. High school districts spent more per pupil than elementary districts not just on classroom personnel and materials but also on direct services, school facilities, school administrators, other school-based expenditures, and district operations.

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[2] See Section 2 for small differences in reporting between sources.

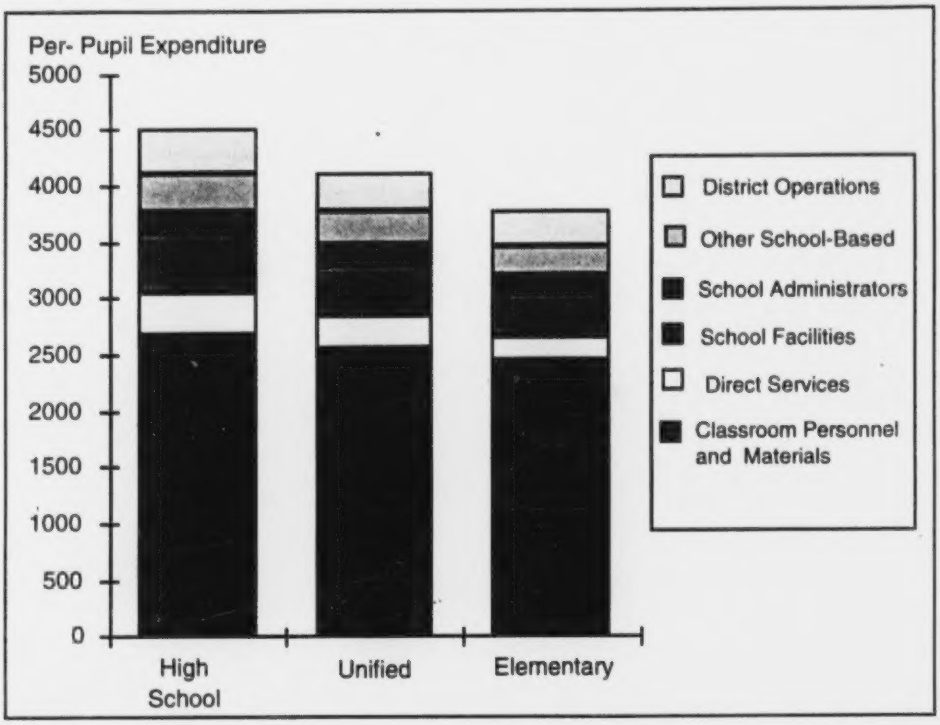

Fig. S.2-Per-Pupil Expenditures by Type of District

We also looked at whether elementary, high school, and unified school districts spent similar shares of their total expenditures on each category of expenditure. While they generally spend similar shares of their resources on each category, there are some small differences in their allocation of resources across categories. For example, unified districts spent about 61 percent of their total general-fund expenditures, or $2,547 per pupil, on classroom personnel and materials. High school districts spent about 58 percent, or $2,667 per pupil, of their total general-fund expenditures here, and elementary districts spent about 63 percent, or $2,436 per-pupil, of their total expenditures on classroom personnel and materials.

The Special-Needs Populations

The state and the federal government provide funding for a number of programs for students with particular needs. These federal and state programs may result in per-pupil expenditures that differ for the students who participate in these programs.[3] We focused on the expenditures of three of the largest categorical programs: special education, Chapter 1, and child nutrition.

Special Education.

The mandate for special education is to ensure that all children with exceptional needs receive, free of charge, education services that meet their needs. School districts spent about $2,629 million on special education students for the 1992–93 school year. This represented about 13 percent of total district general-fund expenditures. Counties spent about $566 million on special education for the 1992–93 school year, which amounts to about 41 percent of total county general-fund expenditures.

District and county per-pupil expenditures vary greatly by the type of special education program. For example, the per-pupil expenditure of about $23,613 for non-public-school students is about double the expenditure on any other group of special education students. These are students for whom it is determined that the public schools cannot provide the services that the student needs, and the public school pays for the student to be enrolled at a private school. Of the other special education programs, the Special Day Class, which provides the most public school services to a special education student, spent about $8,820 per pupil. The Designated Instruction and Services program, which provides the least intensive public school services to special education students, spent about $3,153 per pupil.

Chapter 1.

In general, Chapter 1 funds are used to supplement the educational services provided to low-achieving students in low-income neighborhoods. For the 1992–93 school year, school districts spent about $517 million on direct Chapter 1 expenditures and related support costs. This is about 2.5 percent of total district general-fund expenditures. In addition, counties spent about $72 million on direct Chapter 1 expenditures and related support costs. This is about 5.3 percent of total county general-fund expenditures.

The number of participating Chapter 1 students for the 1992–93 school year was 1,283,700. Of those, about 34,126 students from 399 private schools in California participated in the Chapter 1 program. The resulting district and county per-pupil expenditure is about $459 for students participating in the Chapter 1 program in the 1992–93 school year.

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[3] The per-pupil expenditures presented here are not total school district and county expenditures on the participating students but represent the per-pupil spending from the particular program alone. See Appendix E for a further explanation.

Child Nutrition.

Child nutrition is primarily a school breakfast and school lunch program. It is the largest of the federal categorical programs providing about $640 million in support to California's schools in 1992–93. State dollars for school nutrition programs totaled about $49 million for the 1992–93 school year. District and county spending on the child nutrition programs is included in the cafeteria fund, not in district or county general-fund expenditures.

The federal and state child nutrition programs reimburse schools based on the number and type of breakfast and lunch meals served. Breakfasts and lunches are classified as "free," "reduced priced," or "paid," and each has a different reimbursement rate.

The yearly expenditure per student in a school that serves less than 60 percent free and/or reduced price lunches is about $332 for those receiving free meals, about $260 for those receiving reduced price meals, and about $30 for those receiving paid meals. The yearly expenditure for those students participating in schools that serve at least 60 percent free and/or reduced price lunches is about $4 more. Additional expenditures are made for those students who participate in the school breakfast program. The yearly expenditure per student in a school that serves less than 40 percent free and/or reduced price lunches is $194 for those receiving free meals, $140 for those receiving reduced price meals, and $34 for those receiving paid meals. The yearly expenditure for those participating in schools that serve at least 40 percent free and/or reduced price lunches is about $33 more for those receiving free meals or reduced price meals, and the same for those receiving paid meals.

CONCLUDING REMARKS

This study shows how California's education dollars are spent. We examined how much is spent in California among a variety of categories of expenditure at the state, county, district, and school level. We have provided the details on what types of expenditures we have included in each of the categories of expenditure to enable users of the report to understand and discuss the different types of expenditures, to move expenditures easily from one category to another, and to recategorize expenditures in other sensible ways. At the same time, the scope of the current report does not include evaluating whether those expenditure patterns are "good" or "bad" or trying to systematically determine the reasons behind the expenditure patterns that we find. We have looked at differences in expenditure patterns for elementary, high school, and unified school districts as well as for the special–needs populations. But, district expenditure patterns may also be influenced by many factors that we do not explore such as geographic location, degree of urbanicity, wealth, or diversity of the student population. Our purpose here is to determine how the education dollars are spent to help initiate and frame further discussions and analyses on education spending.

Acknowledgments

Many people have contributed to this effort; we thank them all. We have received assistance from many staff members at the California Department of Education. The School Business Services Division provided invaluable assistance in our data collection efforts. Several staff members in the Special Education Division, Consolidated Programs Management Unit, and the Child Nutrition and Food Distribution Division helped us understand the intricacies of special education, Chapter 1, and child nutrition programs, respectively.

The insights of several RAND colleagues, including Dominic Brewer and Rebecca Kilburn, provided significant contributions to this analysis. Manuel Carrillo's assistance was invaluable in getting the data sets up and running. Joyce Peterson was involved with the final preparation of this report.

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While we recognize the contributions of the many people who made this report possible, we emphasize that the discussion and findings in this report reflect only the views of the authors.

1. Introduction

California's ability to provide a quality education for its youth depends both on the state's ability to fund K–12 education and on how the education dollars are used to provide educational services after they are allocated. In a September 1993 poll conducted by Policy Analysis for California Education (PACE), 40 percent of Californians said that education should be the highest priority in California (only the economy ranked a close second with 39 percent of the vote).

Indeed, California spends billions of dollars on public education. In 1992–93, $25.4 billion of state and local resources were devoted to K–12 education. An additional $2.3 billion (about 8 percent of California's total K–12 revenues) were provided by the federal government.

But, relative to other states, California's per-pupil spending on public education has been falling for about 15 years. In 1978, California's per-pupil outlay on public K–12 education exceeded the national average. The situation has gotten increasingly worse since 1978 as per-pupil expenditures have fallen further and further behind the national average each year. In 1992–93, for example, California's per-pupil spending for public education ranked 38th in the nation which put it below the national average by about $1,000 per pupil (National Education Association, 1994).

In the near term, it is doubtful that the state's relative position will improve. Conflicting trends between California's fiscal well-being and the growth in its student population suggest that it will be difficult to keep per-pupil public K–12 spending constant throughout the 1990s (Shires et al., 1993). As a result, policymakers and the public have begun to focus increasingly on how California's limited education resources can be put to their best use. Information about how resources are actually used should form the basis for such analyses.

Information that maps out education expenditure patterns has many uses. For example, it can be used to inform judgments about whether too much (or not enough) is being spent on school and central office administration. Alternatively, the question may be formulated as: Is an adequate share of public school dollars reaching the classroom? On another front, spending analyses help to inform assessments of how fairly education resources have been allocated among different school districts, schools within school districts, or diverse student populations. In the context of reforms such as charter schools and choice, expenditure data can inform estimates of what level of resources should be allocated on behalf of individual students. Moreover, information regarding how education dollars are spent serves as input to analyses of the cost-effectiveness of education programs. Ultimately, we would like to know whether education resources are being put to their most productive uses. Determining where the education dollars are going is the first step in that direction.

THIS ANALYSIS

Drawing on the extensive data provided through California's financial reporting system for counties and school districts as well as on the detailed budgets of particular school districts, this report describes K–12 total and per-pupil expenditures for California's 1,000-plus districts for school year 1992–93 (the most recent year for which data were available). We examine in detail how county offices of education, district offices, and schools spend their education dollars. In addition to mapping out how school districts as a whole spend their money, we examine differences in how education resources are allocated among school districts. We focus particularly on how expenditures differ for elementary, high school, and unified school districts as well as how they differ for special–needs populations.

While similar studies on California K–12 expenditures have been carried out, (Hayward, 1988), what distinguishes the present study is the level of detail that it provides. California's schools, school district offices, county offices, and Department of Education together make hundreds of types of expenditures in support of K–12 education in the state. This study presents one way to organize those education expenditures. In defining our categories of expenditure, we looked to what others had done in California and in other states in defining expenditure categories,[4] and we held numerous discussions both with people inside RAND and with people inside school districts and county offices of education. Clearly, there is no one "right" way to define these categories, and these categories may change over time as educational reforms take place. We have provided the details on what types of expenditures we have included in each of the categories of expenditure, the basis for their placement, and the size of each of the expenditures to allow others to understand and discuss the different types of expenditures that take place in support of K–12 education, to move expenditures easily from one category to another, and to recategorize expenditures in other sensible ways. In addition, we have sought to provide a sense of where the current level of data on California's K–12 expenditures can take us and where there is a lack of good information available.

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[4] See bibliography for studies done in other states including New York, Indiana, and Wisconsin.

At the same time, the current report does not

- Account for differences in expenditure patterns between the 1992–93 school year and any other school year.
- Suggest that any category or type of expenditure is more or less important than any other category or type of expenditure that we document.
- Evaluate the spending patterns that we find. We describe how K–12 education dollars are spent, not whether those spending patterns are "good" or "bad."
- Attempt to explain the expenditure patterns that we find. We examine differences in expenditure patterns for elementary, high school, and unified school districts as well as for the special–needs populations. But school district expenditure patterns may also be influenced by many factors that we do not explore such as the district's geographic location, degree of urbanization, wealth, or diversity of the student population.
- Account for any unfunded liabilities of school districts. We documented only actual expenditures made in the 1992–93 school year.

ORGANIZATION OF THE REPORT

The remainder of the report is divided into seven sections. The next section describes how we categorized and defined the wide variety of K–12 expenditures. In addition, this Section describes our data sources. Section 3 examines how California's school districts spend their K–12 education dollars. Section 4 examines county and state K–12 expenditure patterns. Section 5 combines school district, county, and state expenditures to examine total K–12 expenditures in California. Section 6 describes differences in expenditure patterns of unified, high school, and elementary school districts. Section 7 examines differences in expenditure patterns for special–needs populations, focusing on special education, Chapter 1, and the child nutrition programs. Some concluding remarks are provided in Section 8.

2. Organization Of Education Spending And Data Sources

To provide a complete picture of all of the types of expenditures that are made on behalf of K–12 education, it is necessary to develop a means by which to organize those expenditures. This section describes how we have chosen to organize K–12 expenditures into categories of expenditures. In addition, this section describes the data sources that were used to detail expenditures at the state, county, district, and school level.

ORGANIZATION OF EDUCATION SPENDING

Hundreds of types of spending take place in support of K–12 education. The schools, school district offices, county offices of education, and the California Department of Education each produce education in California, and we are interested in what each purchases with the education revenues that it receives. To provide a complete picture of the expenditures that are made on the behalf of K–12 education, it is necessary to find a way to organize those expenditures.

We divide California K–12 expenditures into a hierarchy of expenditure categories, going from broader to narrower categories. The broadest categories of expenditure are state operations expenditures, county expenditures, and school district expenditures. Those broad categories of expenditure are then divided into more detailed expenditure categories. Included in each of the categories of expenditure are details on the specific types of expenditures that fall within the category.

In defining our categories of expenditure, initially we looked to what others had done in California and in other states.[5] Using this information as a base, we held discussions with school administrators, district administrators, and other education researchers to help us in further defining the categories of expenditure, defining all of the different types of expenditures that take place in support of K–12 education, and placing those expenditures in the appropriate categories. Even so, as will be discussed with particular examples in Section 3, it could be argued that some types of expenditures reasonably fit into one or another of the categories. For example, there are educational consultants who are hired out of district offices but who spend most of their days visiting school sites. A reasonable argument can be made that these expenditures belong in either school-site expenditures or in district operations expenditures. In Section 3, we will provide explanations of the types of expenditures that we had the most difficulty classifying and how we decided where to place them. In addition, details on the types of expenditures that are in each of the categories are provided to allow analysts to move types of expenditures from one category to another.

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[5] For example, Hayward (1988) documented expenditures as classroom costs, other school site costs, district and county costs, or state costs.

Our organization of K–12 education spending is shown in Figure 2.1.

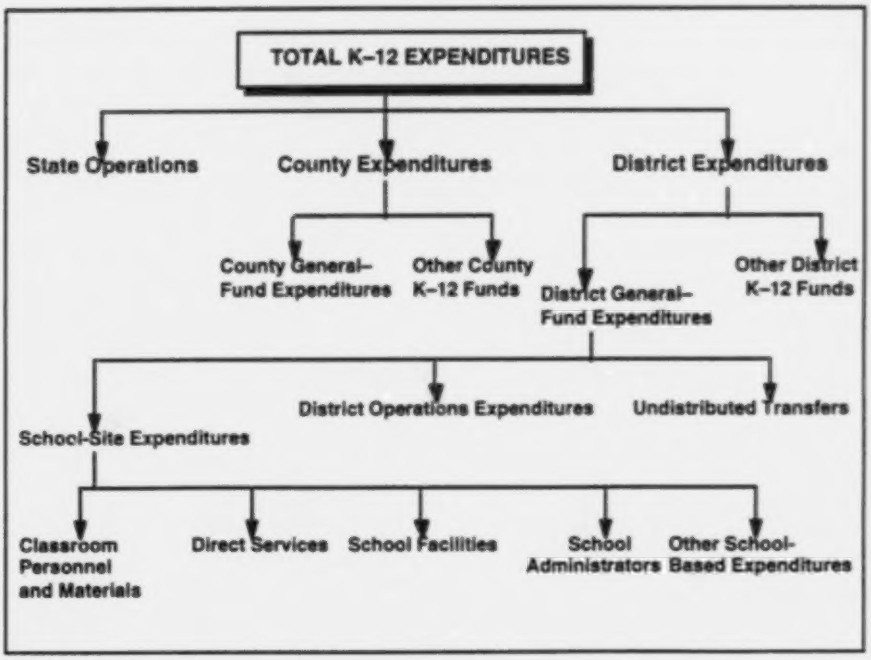

Figure 2.1—Organization of K–12 Expenditures

Total K–12 expenditures are initially divided among district expenditures, county expenditures, and state operations expenditures. **State operations** is defined to include state spending on support services that the state undertakes in the provision of K–12 education. This is principally spending on the California Department of Education, which operates K–12 programs in the state and spending on repayments on state–issued school construction bonds.

County expenditures includes spending on the services provided by county offices of education. There is no "typical" county office of education because different counties provide very different K–12 services. Many counties operate a small number of county schools. Some counties are responsible for providing accounting services to the districts including payroll services. Other counties provide no direct services to school districts. Under the category that we have called county expenditures, there will be descriptions of the types of expenditures that the counties make and the size of each of those expenditures. As shown in the diagram, county expenditures are divided into the categories of county general-fund expenditures and other county K–12 funds.

County spending takes place out of both what is called the general fund and out of set-aside funds. The general fund is the main fund through which spending takes place and contains general–purpose money. In addition, there are many funds that the counties use to set aside money for specific purposes. Often, these other funds include money that by law can be used only for specifically defined purposes. These other funds include the cafeteria fund, the deferred maintenance fund, and the pupil transportation fund. We have distinguished between money being spent from the general fund and money being spent from the other funds.

As shown in Figure 2.1, we have divided **district expenditures** into a variety of expenditure categories. First, we have divided school district expenditures between district general-fund expenditures and other district K–12 funds. Similar to the counties, the school districts spend money both out of the general fund and out of set-aside funds. The school district general fund is by far the largest source of spending on K–12 education and is what is often referred to when discussing K–12 spending.

The district general-fund expenditures are further divided between school-site expenditures, district operations expenditures, and undistributed transfers. We defined five categories of district general-fund expenditures encompassing school-site expenditures:

- *Classroom personnel and materials* includes expenditures on teachers' salaries and benefits, instructional aides' salaries and benefits, textbooks, and instructional equipment.

- *Direct services* includes expenditures on services provided by the school directly to the student such as food services, library services, pupil transportation services, and guidance and welfare services.

- *School facilities* includes costs related to school maintenance, utilities, housekeeping, and rentals and leases.
- *School administrators* includes the salaries and benefits for principals and vice–principals of schools.
- *Other school-based expenditures* includes school office and miscellaneous school-site expenditures for office equipment, clerical workers' salaries and benefits, and school personnel's travel.

In addition to school-site expenditures, school districts make general-fund expenditures on district operations. These are expenditures that take place at the district offices of education including expenditures on superintendents' salaries and benefits, clerical salaries and benefits for staff at the district offices, travel for district administrators, and equipment and utilities for district offices.

The category of expenditure called undistributed transfers includes interprogram, interfund, or interagency transfers. We subtract these transfers out of total district general fund expenditures and so show them as negative numbers. These are moneys that are transferred from one fund or program or agency to another and are shown as an expenditure from both. Therefore, we would be double counting these expenditures by including them in both places.

Just as with the county, school district K–12 expenditures are made through other funds than the district general fund. These include the cafeteria fund, the pupil transportation fund, and the deferred maintenance fund. Districts use the money in these funds for specific purposes as defined by the fund. A complete listing of these funds and their sizes is included in Appendix C.

DATA SOURCES[6]

To examine expenditures at the state, county, district, and school level, it was necessary to rely on several sources of data. We have built a large database from those sources of data and will describe each of them in detail here. The data sources move from broad sources of data that allow us to look at all school districts and county offices of education in California to narrow sources of data that allow us to look in detail at a few school districts and counties. This process can be seen in some sense as peeling an onion, continually moving down to the core of the onion with a lot of detail on a few districts and counties. The broad source of data provided some detail on all of the districts and counties in the state. When this broad data source on all districts and counties in California left some questions unanswered, we sought out another data source that provided considerably more detail on about 25 percent of all districts and about 62 percent of all counties in California. And again, when this source of data left us needing more detail, we looked at a few districts and county offices in considerable detail. We will start by describing the broad source of data and move to descriptions of the more detailed sources.

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[6] See Appendix A for issues of data reliability.

State Expenditure Reporting Forms, the J200/J400

Each year, the California Department of Education collects detailed revenues and expenditures for each school district and county office of education in the state across a number of categories as defined by the state. School districts record this information on the J200 forms; county offices of education record this information on the J400 forms. The California Department of Education makes the information collected on these forms available on a database. The information is included separately for each school district and county office of education in California. We used the database for the 1992–93 school year, the latest year for which data were available.

School districts in California are classified as either elementary, high school, or unified. Table 2.1 provides information on the number of each type of school district in California. We have provided the number of each type of school district both in the database and as reported by the California Department of Education because there is some difference in reporting. All of the districts and students in California are accounted for in the J200 and J400 forms, but they are reported slightly differently in the database than they are reported by the California Department of Education. Specifically, five elementary and high school districts report as unified districts in the database. Therefore, we see five more unified districts and five fewer elementary and high school districts than the state reports.

Table 2.1

Number of School Districts in California, 1992–93

Type of District	Number in Database	Number Reported by California Department of Education
Elementary	596	601
High School	104	109
Unified	301	296
Subtotal	1,001	1,006
County Office	58	58
TOTAL	1,059	1,064

NOTE: "Number in Database" is from the J200/J400 database. "Number Reported by California Department of Education" is from the California Department of Education's Educational Demographics Unit, (1993).

As shown in Table 2.1, there are about twice as many elementary districts as unified districts in California. In addition, there are approximately three times as many unified districts as high school districts. In total, there are just over 1,000 school districts in California. In addition to these school districts, there are county office districts. There are 58 county districts in California, which overlap the school districts. This results in a total of 1,064 school and county districts in California as reported by the California Department of Education and 1,059 school and county districts as recorded on the J200/J400 forms.

Table 2.2 shows the number of students enrolled in each of these types of districts. Again, the number of students is shown both for the database and as the California Department of Education reports. The total number of students is the same; they are just reported slightly differently.

Table 2.2

Number of Students Enrolled in School Districts in California, 1992–93

Type of District	Number in Database	Number Reported by California Department of Education
Elementary	1,091,876	1,131,785
High School	438,215	479,109
Unified	3,619,506	3,538,703
Subtotal	5,149,597	5,149,597
County Office	46,180	46,180
TOTAL	5,195,777	5,195,777

NOTE: "Number in Database" is from the J200 and J400 databases. "Number Reported by California Department of Education" is from the California Department of Education's Educational Demographics Unit (1993).

While Table 2.1 showed that there are more elementary districts than unified or high school districts, most students are enrolled in unified school districts. About 70 percent of students are enrolled in unified school districts. In total, there were approximately 5.2 million students enrolled in schools in California in the 1992–93 school year. To give one an idea of the size of the undertaking, California enrolls more students than any other state and is followed by New York with an enrollment of 2.7 million students for the 1992–93 school year (National Center for Education Statistics, 1993).

Table 2.3 provides a look at the size of school districts in California.

Table 2.3

Size of Districts in California, 1992–93

Size of District	Number of Districts	Percentage of District	Enrollments	Percentage of Enrollments
Under 500 Students	354	33	72,656	1
500 to 1,000 Students	138	13	98,323	2
1,001 to 15,000 Students	488	46	2,239,615	43
15,001 to 50,000 Students	72	7	1,705,421	33
Over 50,000 Students	7	1	1,079,762	21
TOTAL	1,059	100	5,195,777	100

The table shows that there are many very small school districts in California and a few very large school districts. There are 354 districts with under 500 students accounting for 33 percent of all districts but only enrolling 1 percent of students in California. The largest group of students are in districts that enroll between 1,001 and 15,000 students. These districts enroll about 2.2 million students or about 43 percent of students in California. Just as there are many small districts in California that enroll few students, there are a few very large districts that enroll a lot of students: Seven districts enroll over 50,000 students each and account for 21 percent of all students in California. The size of the different districts is important because when we sample a few districts to get more detailed expenditure patterns, as described below, we included a district from each of the different size categories.

The J200 and J400 forms report expenditures under what are called objects of expenditures. These objects of expenditures cut across different funds of expenditures. The California Department of Education classifies all K–12 expenditures into particular objects of expenditures as defined by the state. Examples of objects of expenditures are teachers' salaries, instructional aides' salaries, textbooks, librarians' salaries, pupil transportation supplies, travel expenses, clerical and other office salaries, school administrators' salaries, superintendents' salaries, utilities, and housekeeping services. There are about 100 objects of expenditures in all. The state defines each of these objects of expenditures and what is to be included in each. These definitions are included in the "California School Accounting Manual," which is published by the California Department of Education. For example, for teachers' salaries the state says to "Record the full-time, part-time, and prorated portions of salaries for all certificated personnel employed to teach the pupils of the district or pupils in schools maintained by a county superintendent of schools" (California Department of

Education, 1992, p. 401–3). Also, for example, there are 20 pages that define what is to be classified as an equipment or supplies purchase (California Department of Education, 1992; pp. B1–B20). These objects are the basis for dividing spending between our categories of expenditures as outlined above.

In the J200 and J400 forms, these objects of expenditures are included in what are called funds. The school districts and county offices of education spend the education money out of a variety of funds. These funds are used for accounting purposes. The principal fund through which most of the expenditures are recorded is the general fund. This is not to be confused with what are called general fund revenues to the state. The district and county general funds control education money that is not set aside for specific purposes. The district general fund accounts for 75 percent of all district and county spending, and the county general fund accounts for about another 5 percent of all district and county spending on K–12 education. When people talk about spending on K–12 education in California, it is often the general-fund spending that is being referred to and often just the district general-fund spending.[7] The funds other than the general fund include the cafeteria fund, the deferred maintenance fund, the building fund, and the self-insurance fund. These are funds used to set aside moneys that can only be used for defined purposes.

Table 2.4 shows total school district and county expenditures on K–12 education as reported by the J200 and J400 forms.

Table 2.4

Total K–12 Expenditures in California, 1992–93

	K–12 Expenditures (Millions of Dollars)	Percentage of Total K–12 Expenditures
School Districts:		
General Fund	21,011	76
Other Funds	4,422	16
Counties:		
General Fund	1,370	5
Other Funds	180	1
State Operations	584	2
TOTAL	27,567	100

NOTE: These are unduplicated school district and county expenditures as recorded in the J200 and J400 forms. This does not include spending from the adult education fund or the child development fund, which we do not include as K–12 spending. This also does not include spending by Joint Powers Agencies. State operation expenditures are from the governor's budget and are included here to arrive at total K-12 expenditures. K-12 expenditures do not add to the total due to rounding.

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[7] See Appendix C for a complete listing and description of the various funds and the size of each.

About $21 billion was spent from the school districts' general funds in support of K–12 education in school year 1992–93. About $4.4 billion was spent from all other district funds. In addition, about $1.4 billion was spent from the county general fund and $0.2 billion from all other county funds. Further, the state makes some expenditures for state operations in support of K–12 education. These are not included in the J200 and J400 forms but are included here to arrive at the total expenditures on K–12 education in California. In total then, California spent about $27.6 billion on K–12 education in school year 1992–93.

It should be noted that these are unduplicated fund expenditures. It was necessary to make adjustments to the funds to arrive at unduplicated funds, which allowed us to add the funds together without double counting some expenditures. This is because a portion of the expenditures from some of the funds are payments to other funds. For example, in some districts, the general fund makes payments to the deferred maintenance fund. This means that the money is expended twice. First, it is recorded as an expenditure from the general fund. Then it goes to the deferred maintenance fund from which it is spent again. To allow us to arrive at unduplicated expenditures, we have subtracted transfer payments recorded in the J200 and J400 forms from the fund expenditures.

As we detail spending patterns throughout the course of this report, it is this total spending of $27,567 million as shown in Table 2.4 that we will be building toward.

The J200 and J400 databases provide county and district spending on these objects of expenditure for each school district and county office in the state. These objects of expenditure provide us with the base for determining where California education dollars go. Some limitations with the J200 and J400 forms required us to seek out other sources of data. To begin, some of the objects of expenditure are too general for our purposes. For example, the objects of expenditure for benefits do not allow us to distinguish benefits to different types of individuals. We wanted to distinguish benefits for such groups as teachers, librarians, maintenance and custodial workers, school administrators, superintendents, and clerical workers. In addition, there are several large "other" objects for which it is difficult to tell what is included in them and the size of the various expenditures included in the object.

Further, the J200 and J400 forms do not distinguish expenditures taking place at district or county offices of education from expenditures taking place at the schools. For many of the objects of expenditure, such as teachers' salaries, librarians' salaries, school administrators' salaries, and superintendents' salaries, we know if they are taking place at the school or at the district or county offices. But, for several objects of expenditure, we do not know where the expenditures are taking place or the split in the expenditures between the school and the district or county office. For example, all clerical salaries are recorded in one object. But, clearly some clerical salaries support workers in the district or county offices and other clerical salaries support workers in the school offices. The same limitation occurs for objects such as utilities, maintenance, building rentals, building repairs, and travel.

And finally, even within the school, some of the objects of expenditure are too broad to allow us to determine whether the expenditures are taking place at the school or at the district office. For example, one of the objects of expenditure is equipment. This does not tell us if this is equipment for the classroom, the library, athletics, or the school office. And, for an object of expenditure like equipment, these expenditures likely take place across several of our categories of expenditure as outlined in the previous sub-section. There are equipment purchases for classroom materials, for school facilities, and for the school and district offices. Therefore, we needed to be able to break down objects like this one into several pieces.

To address these limitations in the J200 and J400 data sets, we sought other data sources as outlined below.

Matrix Data

Beginning in the late 1980s, the California Department of Education each year surveys a number of school districts and counties to obtain more detail on specific objects of expenditure on the J200/J400 forms. State officials refer to this information as the "matrix data." We collected the matrix data for the 1991-92 school year, the latest year for which data were available. Table 2.5 provides the number of school districts and county districts surveyed by the Department of Education and the number of students enrolled in those districts and counties.

Table 2.5

School Districts and County Districts Included in the 1991–92 Matrix Data

Type of District	Number of Districts Included in Matrix Data	Percentage of School or County Districts in California	Enrollments in Districts Included in Matrix Data	Percentage of School or County Enrollments in California
School Districts	221	22	4,088,158	79
County Districts	36	62	43,702	95

As shown, the matrix data contain information on 221 school districts or 22 percent of all school districts in California. These districts enroll approximately 4,088,158 students or 79 percent of all students in California. The matrix includes many of the largest districts in the state, which accounts for it covering such a large percentage of students in the state. It also contains this more detailed information on 36 county districts or 62 percent of all county districts in California. These counties include 43,702 students enrolled in county schools, which is 95 percent of all students enrolled in county schools in California.

The matrix data contain detailed information on particular objects of expenditure on the J200 and J400 forms. The objects of expenditure that were detailed were chosen based on the given interests of the Department of Education. Of particular interest to our study was the detail that the data matrix provided on what types of benefits were being paid and the size of those benefits to the different groups of recipients. The J200 and J400 data sets group benefits for different types of personnel into one object and so did not allow us to distinguish benefits going to particular groups such as teachers, school administrators, cafeteria workers, clerical staff, or maintenance employees. The matrix data allowed us to make such distinctions. For example, the matrix data broke the object of expenditure called total Employee Benefits in the J200 and J400 data sets into about 20 different types of benefits. These types include benefits going to school administrators, superintendents, maintenance and operations workers, and food services workers.

The matrix data set obtained from the Department of Education contains these more detailed objects of expenditure for each of the districts and counties surveyed. Separately for districts and counties, we looked at the percentages of the objects of expenditures that went to each of the detailed categories outlined in the data matrix. For example, we looked at the percentage of total benefits for the surveyed school districts and counties that went to each of the individual groups distinguished in the matrix data. The benefits for the different groups distinguished in the data matrix add to 100 percent of benefits paid in those districts and counties. The matrix data showed that about 7 percent of total benefits went to school administrators and about 8.1 percent of total benefits went to maintenance and operations personnel, for example. Then, we applied these percentages to the total Employee Benefits object of expenditure in the J200 and J400 data sets. For example, according to the J200 database, the total amount of benefits paid by all districts in California for the 1992–93 school year was $3,727 million. Of that, the data matrix tells us that 7 percent, or $261 million, went to pay school administrators' benefits.

In sum, particular objects of expenditure in the J200 and J400 data sets were broken down based on percentages determined in the matrix data. This method has a couple of limitations that need to be pointed out. First, the matrix data apply to the 1991-92 school year. The data from the J200 and J400 forms that we are using apply to the 1992–93 school year. Therefore, we are applying percentages from the 1991-92 school year to 1992–93 school year data. These percentages should be fairly stable from one year to the next, but to the extent that they do change over time, our analysis does not take that change into account. For example, we are assuming that if 7 percent of all benefits were paid on behalf of school administrators in the 1991-92 school year, 7 percent of all benefits were paid on behalf of school administrators again in the 1992–93 school year. Second, the matrix data are a survey of a select number of districts and counties in California. To the extent that these surveyed districts and counties have different expenditure patterns from those districts not surveyed, the percentages that we have derived may not be representative of the state as a whole. The matrix data do cover a large percentage of districts and students enrolled in the state, which allows us greater confidence in our ability to generalize the percentages found in the matrix data to the entire state.

The matrix data allowed us considerable insight into the objects of expenditure that they detailed. But, limitations in the matrix data required additional sources of data to be collected. First, the matrix data covered only particular objects of expenditures and there were other objects on which we wished to obtain more details. For example, the matrix data do not allow us insight into what is included in several of the "other" objects in the J200 and J400 forms. Second, the matrix data do not provide the split between school and district office expenditures on some objects. For example, we were interested in how much of the object for clerical salaries or the object for equipment purchases went to district office operations versus school operations. The next level of data was used to look at these issues.

Specific School District and County District Detailed Budgets

To answer specific questions on what was included in particular objects or how particular objects were split between school and district office expenditures, we collected detailed school district and county district budgets. The detailed budgets were used to collect information that was not available in the J200/J400 forms or in the matrix data. For example, there is an object of expenditure called equipment in the J200 forms. We wanted to know how much of this one object went to such items as classroom equipment, maintenance equipment, school office equipment, and district office equipment. The district budgets had the detailed types of expenditures that were added together to arrive at the total for the object of expenditure called equipment in the J200 forms. In addition, there is an object of expenditure in the J200 forms called clerical and other office salaries. The detailed budgets told us how this object was distributed between clerical and other office salaries for school personnel and for district office personnel.

In total, we collected five detailed school district budgets and five detailed county district budgets. In addition to collecting copies of these budgets, we conducted extensive meetings and telephone conversations with the superintendents or budget directors of these districts. These conversations helped to improve our understanding of their detailed budgets and to answer specific questions on some of the objects of expenditure contained in the J200 or J400 forms. The five districts were chosen so as to have one district from each of the different size categories of districts as shown in Table 2.3. This also allowed us to include both urban and rural school districts.

Clearly, this is only a small sample of school districts in California, and we need to be very careful about making any generalizations to all school districts in the state. Throughout this report and in Appendix A in particular, we will point out exactly where this information was used to make assumptions about spending patterns for all districts in California and how it was used. This source of data was particularly helpful in determining what districts were including in the "other" objects and the size of these various expenditures. It is interesting to note that among these five school districts, there are some objects of expenditure for which all five districts show very similar spending patterns and other objects for which spending patterns are quite different. These patterns provided us with additional information to that gained through either the J200 and J400 data sets or the matrix data.

Other Sources of Data

There was a variety of other particular areas of interest that required us to obtain special data runs from the California Department of Education. To calculate per-pupil expenditures, we received data on enrollments by school districts and counties in California from the California Department of Education's California Basic Education Data Systems (CBEDS). Also, since we wanted to look at any differences in expenditure patterns for elementary, high school, and unified school districts, we received information from CBEDS on whether each district in California is an elementary, high school, or unified school district. The number of different types of teachers and administrators employed in California's schools was also from the CBEDS Data Collection. In addition, we received data on the number of students in each district receiving home to school transportation from the California Department of Education, Education Finance Division.

We were also interested in this report in looking at expenditure patterns for the special-needs populations. To do so, we collected what are referred to as the J380 and J580 data sets. The J380 data set covers school district spending and the J580 data set covers county district spending. These two data sets show the same total expenditures on K-12 education as those shown on the J200 and J400 data sets. But, while the J200 and J400 data sets break this total spending into particular objects of expenditure, the J380 and J580 break this total spending into expenditures on particular K–12 programs. For example, the J380 and J580 data sets divide total expenditures into expenditures for "regular education," special education, Chapter 1, and Chapter 2. This allowed us to determine how much was spent on the special–needs populations for the 1992–93 school year.

In addition, we received a number of special data runs from various people at the Department of Education to determine how many students were served in each of these special–needs programs to allow us to calculate per-pupil expenditures. In particular, we received the number of students participating in each of the special education programs from the California Department of Education's Special Education Division and the number of students participating in Chapter 1 from the Consolidated Programs and Information Management Unit of the California Department of Education. The numbers on reimbursement rates and student participation rates for the child nutrition program are from the California Department of Education, Child Nutrition and Food Distribution Division.

3. School District Expenditure Patterns

As described in Section 2, we divide education expenditures into the broad categories of school district, county office, and state operations expenditures. In this section, we provide the detailed types of expenditures included under each of the school district expenditure categories. We detail each school district category one at a time to arrive at a total spending for the category and a per-pupil spending for the category. Adding all of the categories together, we arrive at total K–12 school district expenditures for California. In Section 4, we turn to county office of education and state operations expenditures to arrive at total K–12 expenditures in California.

TOTAL SCHOOL DISTRICT EXPENDITURES

California's school districts spent about $25,433 million for the 1992–93 school year. This is a per-pupil expenditure of about $4,939 for each of the 5,149,597 students enrolled in California's school districts in that year. As detailed in this section, Figure 3.1 shows the total school district expenditures and the total school district per-pupil expenditures for each category of district expenditures.

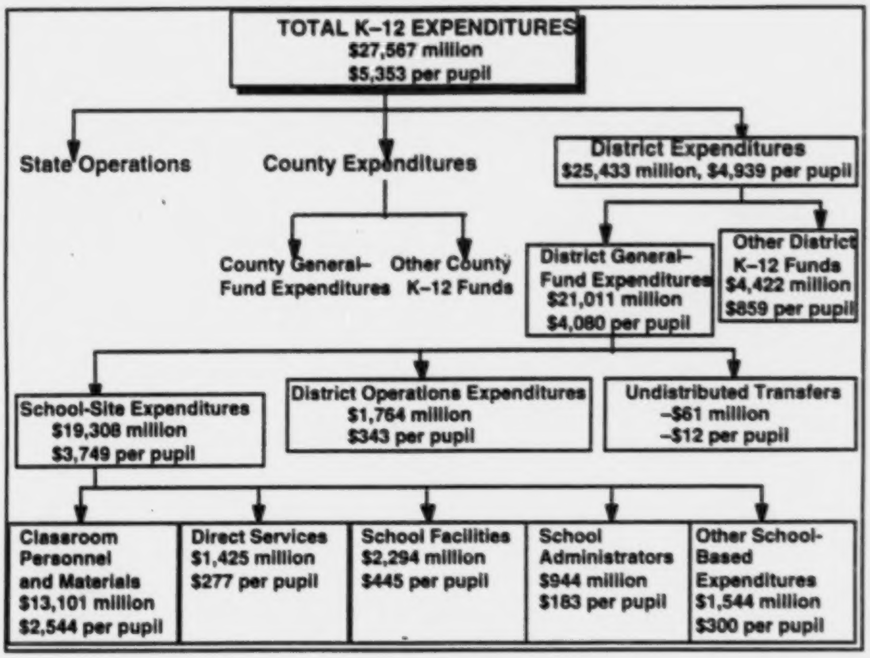

Figure 3.1—Total District K–12 Expenditures

Clearly, the majority of K–12 expenditures takes place at the district level, accounting for about 92 percent of total K–12 expenditures of $27,567 million. The majority of district expenditures are district general-fund expenditures, which account for about 83 percent of total district expenditures. Of district general-fund expenditures, about $19,308 million, or 92 percent, went to school-site expenditures and about $1,764 million, or 8 percent, went to district operations. Within school-site expenditures, classroom personnel and materials expenditures of $13,101 million accounted for the majority of spending. In addition, classroom personnel and materials accounted for about 62 percent of district general-fund expenditures of $21,011 million and 47 percent of total K–12 expenditures of $27,567 million. We begin by detailing district general-fund expenditures, starting with school-site expenditures, and finish with other district K–12 funds.

SCHOOL-SITE EXPENDITURES

District general-fund expenditures are divided among school-site expenditures, district operations expenditures, and undistributed transfers. School-site expenditures include classroom personnel and materials, direct services, school facilities, school administrators, and other school-based expenditures. For each type of expenditures listed below under each of the school-site categories of expenditure, we will present the size of the expenditure, the percentage of total district general fund expenditures that goes to that particular expenditure, and the resulting per-pupil expenditure. Which sources of data are used in determining the size of each type of expenditure is documented in Appendix B.

Classroom Personnel and Materials

Table 3.1 displays the expenditures that are included under classroom personnel and materials.

Table 3.1

Classroom Personnel and Materials

Type of Expenditure	Total District General–Fund Expenditure (millions)	Percentage of District General–Fund Expenditures	Per–Pupil Expenditure If All Students Included
Teachers' salaries	9,312.98	44.33	1,808.49
Instructional aides' salaries	687.09	3.27	133.43
Benefits—teachers	2,191.54	10.43	425.58
Benefits—aides	186.39	.89	36.20
Retiree benefits	228.14	1.09	44.30
Subtotal	**12,606.14**	**60.01**	**2,448.00**
Textbooks	108.49	.52	21.07
Instructional materials and supplies	309.51	1.47	60.10
Books other than textbooks	39.28	.19	7.63
Instructional equipment	37.65	.18	7.31
TOTAL	**13,101.08**	**62.36**	**2,544.10**

NOTE: This is district reported general-fund spending only. California's school districts enrolled 5,149,597 students in the 1992–93 school year.

The first column of Table 3.1 shows the types of expenditures included in the classroom personnel and materials category. The second column shows total district general-fund expenditures for the particular type of expenditure in column 1. These are general-fund expenditures only. Non-general-fund expenditures are shown under the category other district K–12 funds (in Figure 3.1). The third column displays the percentage of total district general-fund expenditures that goes to that type of expenditure. It is important to note that this is the share of district general fund spending that goes only to a given type of expenditure and not the share of all district spending or the share of all district and county and state spending.

The fourth column displays per-pupil expenditures. These per-pupil expenditures are calculated by dividing each expenditure in column two by all students enrolled in school districts in California in the 1992–93 school year, which is 5,149,597 students. We have used total district enrollments throughout this analysis to arrive at per-pupil expenditures so that the per-pupil expenditures can be added up across types of expenditures to arrive at a total per-pupil expenditure in the state. Further, we were interested in what was being spent per pupil in the state as a whole independent of decisions individual school districts were making. Because of this, we are showing only statewide averages in the tables. These state averages hide variations in per-pupil expenditures that exist across school districts in California. Appendix D provides some information on how the per-pupil spending that we have documented varies across districts.

Further, as we will discuss with specific cases later, not all types of expenditures are received by all students in all districts. We could have divided types of expenditures only by the number of students enrolled in districts that make that particular type of expenditure. Or we could have divided types of expenditures only by the number of students who participate in that type of expenditure. And those numbers could be prorated by the amount of time that students participate in the particular type of spending. These calculations would result in higher per-pupil expenditures in cases in which not all students receive the particular type of expenditure. These participation numbers are not available for many types of spending, and the prorated numbers would be very difficult to calculate. In addition, these per-pupil calculations would not allow readers to simply add per-pupil expenditures across different types of spending. Therefore, we have divided all expenditures by all students enrolled in California's districts and documented cases in which specific types of expenditures go to only a small number of students in certain districts.

As shown in Table 3.1, districts spent approximately $9,313 million on teachers' salaries for the 1992–93 school year. This represents about 44 percent of all district general-fund expenditures. And teachers' benefits represent another 10 percent of all district general-fund expenditures. Benefits for teachers and other specific groups throughout this analysis were determined by using the matrix data. For example, the matrix data showed that about 59 percent of all benefit payments went to teachers. This percentage was applied to total benefits paid by all districts in the J200 data set to arrive at benefit payments of about $2,192 million for teachers.

An additional type of expenditure placed in this category is retiree benefits. These are primarily health benefits to retired teachers. It was difficult to decide in which category to place this expenditure. We held discussions both among ourselves and with others before deciding to place this expenditure under classroom personnel and materials, viewing it as deferred compensation. Districts reported spending about $228 million on retiree benefits for the 1992–93 school year.

In total, districts spent approximately $12,606 million on the salaries and benefits of classroom personnel. This is about 60 percent of total district general-fund expenditures and about $2,448 per pupil.

In addition, districts spent about $310 million on instructional materials and supplies, which include tests, periodicals, magazines, workbooks, and audiovisual materials for the classroom. Instructional equipment includes computers for the students and audiovisual equipment.

In total, districts spent $13,101 million on classroom personnel and materials. This is about 62 percent of total district general-fund expenditures and results in a per-pupil expenditure of about $2,544. The types of expenditures included in this category cover most or all students enrolled in California and so dividing through by total enrollments provides an accurate picture of average per-pupil expenditures in the state.

Direct Services

Table 3.2 displays the types of expenditures that are included in the direct services category.

Districts spent approximately $53 million, or .25 percent of all district general-fund expenditures, on librarians' salaries in school year 1992–93. Only 325 out of 1,001 school districts report expenditures on librarians' salaries. The per-pupil expenditure on librarians' salaries if all students are included is about $10. The per-pupil expenditure if only those students in the 325 school districts were included would be about $13. The reason we see only 325 districts reporting librarians' salaries is that the object for librarians' salaries in the J200 is only for certificated librarians' salaries. From the detailed budgets of the selected school districts, it appears that some districts have classified librarians or librarians' aides' salaries under the other classified salaries objects. Other classified salaries include health assistants', noon aides', coach assistants', playground aides', and library aides' salaries. About $255 million was spent on other classified salaries for the 1992–93 school year. Expenditures on salaries for physical and mental health employees totaled about $88 million. These include expenditures on audiologists, dentists, nurses, optometrists, and physicians.

Table 3.2

Direct Services

Type of Expenditure	Total District General–Fund Expenditure (millions)	Percentage of District General–Fund Expenditures	Per–Pupil Expenditure If All Students Included
Librarians' salaries	52.95	.25	10.28
Guidance, welfare, and attendance salaries	397.21	1.89	77.13
Physical and mental health salaries	87.81	.42	17.05
Food services salaries	4.36	.02	.85
Pupil transportation salaries	267.10	1.27	51.87
Other classified salaries	255.37	1.22	49.59
Benefits excluding transportation and food services	151.72	.72	29.46
Pupil transportation benefits	81.26	.39	15.78
Food services benefits	1.12	.01	.22
Subtotal	**1,298.90**	**6.19**	**252.23**
Pupil transportation supplies	56.49	.27	10.97
Food services supplies	2.40	.01	.47
Books and media for new and expanded libraries	2.85	.01	.55
Equipment	37.65	.18	7.31
Other supplies	26.86	.13	5.22
TOTAL	**1,425.14**	**6.78**	**276.75**

NOTE: This is district reported general-fund spending only. California's school districts enrolled 5,149,597 students in the 1992–93 school year.

Districts spent only about $4 million on food services salaries in the general fund because most food–services-related expenditures come from the cafeteria fund. Districts spent about $267 million on pupil transportation salaries. Transportation salaries is a specific case for which per-pupil expenditures are very different depending on whether we divide through by all K–12 students in California or only by those students receiving transportation services. Dividing total expenditures by all 5,149,597 students enrolled in California's school districts results in a per-pupil expenditure of about $52. Dividing total expenditures by only those 965,000 students who receive home-to-school transportation, on the other hand, would result in a per-pupil expenditure of $276 per pupil.[8] But, transportation salaries in part cover field trips and other transportation services that involve a broader base of students. While our estimate is likely on the low side, it is difficult to determine exactly what the correct per-pupil expenditure is. It should be clear to the reader that different reasonable calculations would produce considerably different per-pupil expenditure numbers.

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[8] The home-to-school transportation numbers were received from the California Department of Education, Education Finance Division.

In total, expenditures on personnel salaries and benefits under direct services were about $1,299 million. This is about 6 percent of total district general-fund expenditures and about $252 per pupil.

In addition, expenditures on pupil transportation supplies totaled $56 million and includes purchases of fuel, oil, tires, small tools, and parts for repair. All equipment purchases are included in one object in the J200 data set, and we needed to divide them into the different categories of expenditure. Equipment purchases that fall under direct services include vehicles for pupil transportation, library equipment, and physical education equipment. The matrix data and the detailed district budgets suggested that about 15 percent of total equipment expenditures included in the one object in the J200 were for equipment that fit into the direct services category. A similar calculation needed to be made for the other supplies object. Other supplies are all recorded in one object of expenditure in the J200, and we wanted to know more detail about what was included in this object and the sizes of the different expenditures. Looking at the detailed district budgets showed that the other supplies object includes expenditures on such items as library supplies, health supplies, pool supplies, and guidance counselor supplies that belong in the direct services category of expenditure. In total, we determined that about 10 percent of purchases classified under other supplies in the J200 belong in this category. This amounts to direct services expenditures on other supplies of about $27 million for the 1992–93 school year.

In total, expenditures on direct services were about $1,425 million for the 1992–93 school year. Direct services command about 6.78 percent of total district general-fund expenditures. The per-pupil expenditure on direct services if all students are included is about $277.

School Facilities

As shown in Table 3.3, school districts make a variety of expenditures related to school facilities.

Table 3.3

School Facility Costs

Type of Expenditure	Total District General-Fund Expenditure (millions)	Percentage Of District General-Fund Expenditures	Per-pupil Expenditure If All Students Included
Maintenance salaries	230.03	1.09	44.67
Operations salaries	690.08	3.28	134.01
Benefits for maintenance and operations	301.95	1.44	58.64
Subtotal	**1,222.06**	**5.81**	**237.32**
Utilities and housekeeping services	480.56	2.29	93.32
Rentals, leases, and repairs	193.00	.92	37.48
Sites and improvement of sites	13.64	.06	2.65
Buildings and improvement of buildings	49.95	.24	9.70
Equipment	100.39	.48	19.50
Equipment replacement	26.57	.13	5.16
Other supplies	134.30	.64	26.08
Debt service/loan repayment	73.05	.35	14.19
TOTAL	**2,293.51**	**10.92**	**445.38**

NOTE: This is district reported general-fund spending only. California's school districts enrolled 5,149,597 students in the 1992–93 school year.

Maintenance salaries go to those who are involved in the repair and maintenance of the buildings. These include carpenters, plumbers, painters, and electricians. Operations salaries go to those involved with the upkeep of the buildings and grounds including custodians, guards, and gardeners. In the J200 forms, maintenance and operations salaries are included together in one object. Conversations with district administrators suggested splitting the two groups because they provide different services. The detailed budgets of the school districts consistently showed that about 75 percent of maintenance and operations salaries were paid on behalf of operations salaries and 25 percent were paid on behalf of maintenance salaries. Further, maintenance and operations both take place at the schools and at the district offices. The detailed budgets also consistently showed that about 95 percent of these expenditures were taking place at the schools. This results in about $230 million being spent on maintenance salaries and $690 million being spent on operations salaries related to school facility costs. The resulting per-pupil expenditures are about $45 for maintenance salaries and about $134 for operations salaries. Benefits to these groups totaled about $302 million for the 1992–93 school year.

In total, expenditures on personnel salaries and benefits in this category were about $1,222 million. This is about 6 percent of total district general-fund expenditures and about $237 per pupil.

The expenditures for utilities and housekeeping services listed are those for schools only. These include expenditures on water, gas, electricity, telephone, waste disposal, and laundry. The J200 records total utility and housekeeping costs under one object and we needed to divide them between school and district office expenditures. The matrix data did not provide more detail on this particular object of expenditure and so we used the detailed district budgets. The detailed budgets consistently showed that about 85 percent of utility and housekeeping expenditures took place at the schools, resulting in about $481 million in expenditures on utilities and housekeeping at the school level for the 1992–93 school year.

Rentals, leases, and repairs do not show such consistent expenditure patterns between schools and school district offices. Again, rentals, leases, and repairs are shown as one object in the J200, and we wanted to split these expenditures between school and district office expenditures. Four out of our five detailed budgets showed about 90 percent of expenditures in this category taking place at schools. But, one of the larger district's detailed budgets had only about 45 percent of expenditures in this category taking place at the schools. We choose to place 90 percent of total expenditures on rentals, leases, and repairs in this category, judging the one district at 45 percent as an outlier. This number is uncertain, and we would need to survey a considerably larger number of districts to feel confident in the average split between schools and district offices. It may be that this split varies a great deal across school districts and taking an average hides large variations.

Sites and improvement of sites includes expenditures on landscaping, sewers, storm drains, fences, sidewalks, and demolition work in connection with the improvement of sites. These expenditures totaled about $14 million. Buildings and improvement of buildings includes expenditures directly related to the construction or acquisition of buildings. This includes expenditures on the construction of new buildings, purchase of new buildings, architectural and engineering fees, blueprinting, inspection fees, and demolition work. These expenditures totaled about $50 billion or about $10 per student in all districts. About 565 out of the 1,001 school districts report expenditures on buildings and improvement of buildings. Since expenditures on buildings and improvement of buildings is relatively small, including only those students in those districts that make this expenditure would result in a change in per-pupil expenditures of little practical significance, from about $10 per pupil to about $11 per pupil.

Again, the J200 includes one object to record all equipment expenditures. We wanted to gain a better understanding of the types and sizes of expenditures included in this broad category and to break equipment expenditures across our categories of expenditure. Equipment purchases in the school facilities category include expenditures on furniture, maintenance and operations equipment and machinery, and vehicles for maintenance and operations. The detailed school district budgets suggested that about 40 percent of total equipment purchases fell in this category. Applying this percentage to the J200 database resulted in equipment purchases for school facilities of about $100 million, or $20 per pupil. All other supplies are also included in one object in the J200. Other supplies for school facilities include custodial supplies, maintenance supplies, gardening supplies, and supplies for the upkeep of equipment. The district detailed budgets again suggested that about 50 percent of other supplies purchases went to school facility costs, totaling about $134 million.

Debt service and loan repayment is included under school facility costs because most school district debts and loans are incurred to finance school construction. As we will see, there is a much larger debt repayment made by the state to cover state issued bonds also related to school construction. District debt service and loan repayments totaled about $73 million for the 264 school districts reporting these expenditures. Per–pupil expenditures for debt service for all students enrolled in districts in California were about $14. Per–pupil expenditures for only those students in those districts making such expenditures would be about $27.

In total, expenditures on school facilities were about $2,294 million for the 1992–93 school year. School facilities command about 11 percent of total district general-fund expenditures. The per-pupil expenditure on school facilities if all students are included is about $445.

School Administrators

As shown in Table 3.4, school administrators' salaries were about $684 million for the 1992–93 school year.

Table 3.4

School Administrators

Type of Expenditure	Total District General–Fund Expenditure (millions)	Percentage of District General–Fund Expenditures	Per–pupil expenditure If All Students Included
School administrators' salaries	683.54	3.25	132.74
School administrators' benefits	260.89	1.24	50.66
TOTAL	**944.43**	**4.49**	**183.40**

NOTE: This is district reported general-fund spending only. California's school districts enrolled 5,149,597 students in the 1992–93 school year.

It is interesting to note that 964 out of 1,001 school districts report spending on school administrators' salaries. It is the very small districts that do not report this expenditure, which suggests that some small districts have teachers or others performing this role. School administrators' benefits totaled about $261 million. Again, the J200 does not distinguish the benefits of particular personnel. The matrix data showed that about 7 percent of total benefits were paid to school administrators, and so this percentage was applied to the total Employee Benefits object in the J200. School administrators' salaries and benefits total about $944 million or 4.49 percent of total district general-fund expenditures. The resulting per-pupil expenditure is about $183.

Other School-Based Expenditures

Table 3.5 displays those expenditures that we have classified as other school-based expenditures. These are primarily expenditures related to school operating functions.

Table 3.5

Other School-Based Expenditures

Type of Expenditure	Total District General–Fund Expenditure (millions)	Percentage of District General–Fund Expenditures	Per–pupil Expenditure If All Students Included
Clerical and other office salaries	625.04	2.97	121.38
Personal services of instructional consultants, lecturers, and others	99.05	.47	19.24
Other certificated salaries	196.74	.94	38.21
Benefits	79.45	.38	15.43
Subtotal	**1,000.28**	**4.76**	**194.26**
Insurance	107.06	.51	20.79
Travel and conferences	57.78	.27	11.22
Equipment	12.55	.06	2.44
Other supplies	40.29	.19	7.82
Other services and operating expenditures	326.05	1.55	63.32
TOTAL	**1,544.01**	**7.34**	**299.85**

NOTE: This is district reported general-fund spending only. California's school districts enrolled 5,149,597 students in the 1992–93 school year.

School-based clerical and other office salaries constitute the largest expenditure in this category. All clerical and other office salaries are included in one object in the J200. To divide these between school-site and district-office expenditures, we relied on the detailed district budgets. These consistently showed that about 60 percent of all clerical salaries were paid to employees at the school site, and about 40 percent were paid to employees at the district offices. This resulted in about $625 million being spent for the 1992–93 school year on school-based clerical salaries, or 2.97 percent of all district general-fund expenditures.

Personal services of instructional consultants, lecturers, and others is defined to include expenditures for people who provide direct assistance to teachers, pupils, or the curriculum. This may include expenditures on curriculum specialists or those who speak at assemblies. These expenditures are included at the school site since they are payments to individuals who spend their time at the schools. If more detailed information were available, it would also be fitting to place some of these expenditures in other categories such as the classroom and direct services.

Other certificated salaries was a difficult object of expenditure to place. This object includes coordinators for such programs as magnet programs and integration programs. In addition, this object includes program specialists for such programs as special education. Some of these personnel likely work out of district offices.

Other personnel in this object spend most of their time in classrooms or schools. We have decided to place all other certificated salaries in this category based on our own conversations with people in the field, but the proper placement is still open to debate. Benefits to all personnel in the "Other School-Based Expenditures" category total about $79 million.

In total, expenditures on personnel salaries and benefits in this category were about $1,000 million. This is about 4.76 percent of total district general-fund expenditures and about $194 per pupil.

In addition, equipment purchases under other school-based expenditures include purchases of office computers, data processing equipment, furnishings, computer software, and fax machines. These purchases totaled about $13 million for the 1992–93 school year. Expenditures on travel and conferences of about $58 million include the travel and conferences of all personnel at the school. Information was not available separately on the travel of teachers and school administrators. Insurance payments of about $107 million are mainly related to liability insurance. Although most liability insurance covers those in the schools, some liability insurance probably also relates to employees at districts offices as well. This level of detail was not available even in the school district detailed budgets. We therefore put total insurance payments of about $107 million at the school level. Other supplies under this category includes a variety of school office supplies and totals about $40 million, or about $8 per pupil.

The other services and operating expenditures object in the J200 form is the most difficult object to explain. Providing additional details in the reporting forms would be helpful in sorting out what expenditures are included in here and possibly classifying these expenditures into a few new objects of expenditure. The definition of this object in the *California School Accounting Manual* includes a wide variety of types of expenditures, and looking at just five detailed district budgets, it is clear that districts record a wide variety of expenditures here. For our sampled districts, this category included advertising, legal fees, audits, appraisals on sites not purchased, physical examinations of potential employees, field trips, athletics transportation, non-public–school contracts, transportation contracts, school–board expenses, and many other types of contracted services. In addition to containing a wide variety of expenditures, the relative sizes of these expenditures varied greatly among our sampled districts. One school district had 35 percent of expenditures in this object going to non-public–school contracts, while other districts had very little or no expenditures going to non-public–school contracts. In addition, one small district had 21 percent of expenditures in this object going to athletic transportation. Another large school district had the majority of expenditures in this object going to contracted bus services for integration, while other districts had no spending of this type.

In total, this object of expenditure accounts for about 3 percent of total district general-fund expenditures. We decided to place one-half of the spending in this object in other school-based expenditures and the other one-half of the spending in this object in district office expenditures. It is clear from looking at the state definition of this object and the district detailed budgets that some of the spending in this object takes place at the schools and some takes place at district offices. Given the great variation that we found in the detailed budgets, the exact split could not be determined, and so we chose to use a 50-50 split. In addition, if information allowed, some of this spending likely belongs in the classroom, in direct services, and in the school facilities categories. Even if a much larger sample were taken, any average for this category would likely hide very different kinds and sizes of expenditures placed in this category by different districts. Additional research needs to be done on the reporting of this particular object. The current reporting of this object provides very little information to the public on what spending is taking place in this object. Total reported spending on other services and operating expenditures totaled about $652 million and, as discussed, we put one-half of that spending, or about $326 million, into this category of expenditure.

In total, expenditures on other school-based activities were about $1,544 million for the 1992–93 school year. Other school-based expenditures command 7.34 percent of total district general-fund expenditures. The per-pupil expenditure on other school-based activities if all students are included is about $300.

DISTRICT OPERATIONS

In addition to school-site expenditures, school districts also make expenditures on district operations. Expenditures on district operations are shown in Table 3.6. Expenditures on superintendents' salaries totaled about $108 million, or about $21 per pupil. Certificated administrators include the directors of pupil services, the directors of special projects, and administrative assistants. The salaries for these employees totaled about $63 million for the 1992–93 school year. Only 363 out of 1,001 districts report expenditures in this object. Per-pupil expenditures with all students included are about $12 and about $15 if only those students in districts reporting expenditures are included. Certificated supervisors' salaries include the

Table 3.6

District Operations

Type of Expenditure	Total District General-Fund Expenditure (millions)	Percentage of District General-Fund Expenditures	Per-pupil Expenditure If All Students Included
Superintendents' salaries	107.51	.51	20.88
Certificated administrative personnel's salaries	63.12	.30	12.26
Classified administrators' salaries	179.31	.85	34.82
Certificated supervisors' salaries	113.82	.54	22.10
Clerical and other office salaries	416.70	1.98	80.92
Maintenance and Operations salaries	48.43	.23	9.40
Benefits	245.29	1.17	47.63
Subtotal	**1,174.18**	**5.58**	**228.01**
Dues and membership	8.20	.04	1.59
Other services and operating expenditures	326.05	1.55	63.32
Utilities and housekeeping services	84.80	.40	16.47
Rentals, leases, and repairs	21.44	.10	4.16
Other supplies	67.15	.32	13.04
Equipment	62.75	.30	12.18
Travel and conferences	19.26	.09	3.74
TOTAL	**1,763.83**	**8.38**	**342.51**

NOTE: This is district reported general-fund spending only. California's school districts enrolled 5,149,597 students in the 1992–93 school year.

salaries for special education supervisors and instructional supervisors. These are generally supervisors based at the district offices. District expenditures on these personnel totaled about $114 for the 1992–93 school year. Only 489 out of 1,001 districts report expenditures in this object. Per-pupil expenditures with all students included are about $22 and about $26 if only those students in districts reporting these expenditures are included. Classified administrators' salaries includes the salaries of chief accountants, business managers, controllers, governing board members, and purchasing agents. Expenditures on these salaries totaled about $179 million, or about .85 percent of total district general-fund expenditures for the 1992–93 school year.

About $417 million was spent on clerical salaries and other office salaries for those in district offices. This is about $81 per student. Maintenance and operations salaries include those expenditures related to the maintenance and operation of district offices. These totaled about $48 million in school year 1992–93. The share of total benefits going to district office personnel is about $245 million. This is determined by the matrix data, which suggest that about 6.6 percent of total benefits go to personnel in district offices.

In total, expenditures on the salaries and benefits of personnel in district offices were about $1,174 million for the 1992–93 school year. This is 5.58 percent of total district general-fund expenditures and about $228 per pupil.

In addition, other services and operating expenditures, as explained under other school-based expenditures, totaled about $326 million for district operations. Utilities and housekeeping services, and rentals, leases, and repairs are those expenditures related to the district offices. Each of these expenditures is included in the J200 in a single object. To obtain the split in these expenditures between the schools and the district offices, we relied on the matrix data and the detailed district budgets. These both suggested that about 15 percent of total utilities and housekeeping services and about 10 percent of total rentals, leases, and repairs related to the district offices with the rest being expended at the school sites. The resulting district operations expenditure on utilities and housekeeping was about $85 million for the 1992–93 school year. The district operations expenditure on rentals, leases, and repairs was about $21 million.

About $67 million, or $13 per pupil, was spent on other supplies for the district offices. Equipment purchases for district operations include computers, data processing equipment, furnishings, computer software, and fax machines. These expenditures totaled about $63 million for the 1992–93 school year. Expenditures for travel and conferences for district office employees totaled about $19 million. Again, as discussed in Appendix B, we relied on both the data matrix and the detailed budgets to determine the split between school-site and district office expenditures for these objects of expenditure as well.

In total, expenditures on district operations were about $1,764 million for the 1992–93 school year. District operations commands 8.38 percent of total district general-fund expenditures. The per-pupil expenditure on district operations if all students are included is about $343.

UNDISTRIBUTED TRANSFERS

Undistributed transfers are interprogram, interfund, or interagency transfers. These are a negative number and are subtracted out of district general-fund expenditures.

Table 3.7

Undistributed School-Based Transfers

Type of Expenditure	Total District General–Fund Expenditure (millions)	Percentage Of District General Fund Expenditures	Per–pupil Expenditure If All Students Included
Interfund/interprogram/ interagency	–61.48	–.29	–11.94
TOTAL	**–61.48**	**–.29**	**–11.94**

NOTE: This is district reported general-fund spending only. California's school districts enrolled 5,149,597 students in the 1992–93 school year.

The expenditures shown in Table 3.7 are moneys that are transferred from one fund or program or agency to another and are shown as an expenditure from both in the J200 forms. Therefore, we would be double counting these expenditures by including them in both places. For example, the general fund may transfer money to the cafeteria fund. This is recorded as an expenditure from the general fund and again from the cafeteria fund when that money is spent. In this category, we have included only undistributed transfers. These are not all of the transfers that take place. We were able to subtract many of the transfers from a particular object of expenditure. These are transfers for which we do not know the particular object that they are being transferred from. Hence, we are calling them undistributed transfers. Because they are undistributed, we do not know which particular category of expenditure to subtract them from. These undistributed transfers amounted to about $61 million, or $12 per pupil.

OTHER DISTRICT K–12 FUNDS

As shown in Figure 3.1, school districts make expenditures from other funds outside of the general fund. These are special set-aside funds for which the money is allocated to specific purposes.[9] The largest of these other funds is the state school building lease purchase fund, which is used primarily to account separately for state apportionments used to reconstruct, remodel, or replace existing school buildings. Expenditures from this fund totaled $1,013 million for the 1992–93 school year. The cafeteria fund/account is used to account separately for federal, state, and local revenue to operate the food services programs. District expenditures from this fund were $919 million for the 1992–93 school year. In addition, expenditures from the self-insurance fund were about $917 million. Districts also made expenditures of about $736 million from the adult education fund and the child development fund, which we do not include in our totals for K–12 expenditures.

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[9] For a complete listing of other district K-12 funds and their sizes see Appendix C.

In total, K–12 expenditures from other district K–12 funds were $4,422 million in the 1992–93 school year. This results in a per-pupil expenditure if all students are included of about $859.

4. County And State Expenditure Patterns

In this section, we will provide details on the types of K–12 expenditures made by county offices of education and the state. Adding all of the types of expenditures together, we arrive at total K–12 county and state expenditures as well as total per-pupil expenditures.

TOTAL COUNTY AND STATE EXPENDITURES

As shown in Figure 4.1, California's 58 county offices of education spent about $1,550 million for the 1992–93 school year. This is a per-pupil expenditure of about $301 for each of the 5,149,597 students enrolled in California's school districts in that year. The majority of county expenditures are county general-fund expenditures, which account for about 88 percent of total county expenditures. The state spent about $584 million, or about $113 per pupil, on state operations related to K–12 education.

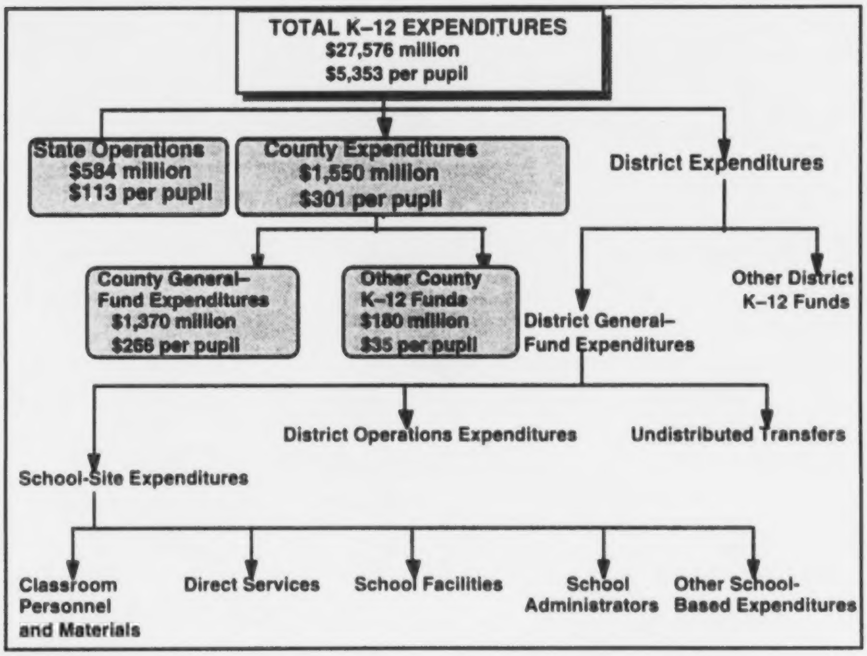

Figure 4.1—Total County and State K–12 Expenditures

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We begin by detailing county expenditures, starting with county general-fund expenditures, before moving to state operations expenditures.

COUNTY EXPENDITURES

For the 1992–93 school year, county general-fund expenditures as reported in the J400 forms totaled about $1,370 million. In addition, expenditures out of other county K–12 funds totaled about $180 million. The county districts vary greatly in their functions and responsibilities. There are 58 county districts in California and different counties provide very different K–12 services. The detailed county budgets that we collected pointed out these wide variations among counties. Many counties operate a small number of county schools. Counties enrolled 46,180 students in their own schools in the 1992–93 school year. In addition, some counties are responsible for providing accounting services to the districts, including payroll services. However, other counties provide no direct services to districts and operate autonomously.

In this subsection, we will discuss expenditures from the county general fund and the other county funds. We will discuss both total expenditures and per-pupil expenditures. For county expenditures in particular, it is very difficult to know how many students to divide through by to get per-pupil expenditures. Throughout this analysis, we have divided expenditures by the 5,149,597 students enrolled in school districts in California. This means that we are not dividing the county expenditures by the 46,180 students who are enrolled in county schools. In some cases, particular county expenditures go only to those students enrolled in school districts, not the 46,180 students enrolled in county schools. In other cases, particular expenditures go to both all school district students and all county district students, and we could divide through by all 5,195,777 students. In still other cases, the money is being expended only on the 46,180 students in county schools or some fraction of students in the district and county schools. The problem is that it is difficult to know on whose behalf the variety of county expenditures is being made, particularly since different counties perform very different roles. We have chosen to divide all expenditures by all students enrolled in district schools and will discuss this in relation to particular types of expenditures throughout this subsection.

County General–Fund Expenditures

County general-fund expenditures totaled about $1,370 for the 1992–93 school year. These county general-fund expenditures are organized into the same objects of expenditure in the J400 forms as the district general-fund expenditures are organized into in the J200 forms. In the following, we will point out some of the larger objects of expenditure as reported by the counties. Total county general-fund expenditures contain many very small types of expenditures, and so we will point out any expenditures that constitute at least 2 percent of total county general-fund expenditures.

Counties reported expenditures of about $281 million on teachers' salaries for the 1992–93 school year. This is 21 percent of total county general-fund expenditures. This contrasts with districts where about 44 percent of total district general-fund expenditures go to teachers' salaries. For some counties, these are teachers' salaries for teachers in school districts, while for other counties these are teachers' salaries for teachers in county schools. All 58 counties reported expenditures on teachers' salaries. The per-pupil expenditure if we divide through by the 5,149,597 students enrolled in school districts in the 1992–93 school year is about $55. Counties also spent about $88 million on instructional aides' salaries. Benefits to teachers and instruction aides totaled about $104 million. In total, salaries and benefits to teachers and instructional aides totaled about $473 million, or 35 percent of total county general-fund expenditures.

Personal services of instructional consultants, lecturers, and others totaled about $27 billion, or 2 percent of county general-fund expenditures. These expenditures again likely include some mix of spending on district schools and county schools. Counties also expended about $40 million, or 2.9 percent of total county general-fund expenditures, on rentals, leases, and repairs. These too are some mix of expenditures on district schools, county schools, and county offices of education.

Expenditures on the salaries for certificated supervisors totaled about $35 million for the 1992–93 school year. Certificated supervisors are defined as those whose purpose is the improvement of instruction. Their responsibilities include classroom visitation, demonstration teaching, and conferences with teachers on instructural issues. Special education supervisors and instructional supervisors are included in this category. County expenditures on this group are 2.5 percent of total county general-fund expenditures. This contrasts with school districts that spend about 0.5 percent of total district general funds on this object. In addition, counties spent about $47 million, or $9 per pupil, on classified administrators' salaries. These administrators include chief accountants, business managers, controllers, and purchasing agents. This is 3.4 percent of total county general-fund expenditures. Again, this contrasts with about 0.85 percent of district general-fund expenditures being made in this object, suggesting the different roles of the counties and districts. Benefits to these county supervisors and administrators as well as to the county superintendents and certificated administrative personnel were about $33 million, or 2.4 percent of total county general-fund expenditures.

County expenditures on clerical and other office salaries and benefits were about $107 million, or $21 per pupil. This is 7.8 percent of total county general-fund expenditures. Expenditures on other classified salaries, which include a variety of aides and assistants, were about $36 million. This is 2.6 percent of total county general-fund expenditures or $6.95 per pupil if all students enrolled in school districts in California are included.

The largest category of county general-fund spending is for other services and operating expenditures. About $324 million in spending is recorded in this object of expenditure in the J400 forms. This accounts for about 24 percent of total county general-fund spending. Just as discussed about districts in Section 3, this object of expenditure for counties is also very difficult to explain. This is an object of expenditure into which counties are putting a large portion of their expenditures. From looking at the detailed county budgets, this object mainly contains a wide variety of contracted services such as payroll services and transportation services. Additional research needs to be done on the reporting of this particular object. The current reporting of this object provides very little information to the public on what spending is taking place in this object.

Similar to the school districts, there are undistributed interprogram, interfund, or interagency transfers at the county level. These are moneys that are transferred from one fund or program or agency to another and are shown as an expenditure from both. Therefore, we subtract them from total county general-fund expenditures to avoid double counting them. For example, the county general fund may transfer money to a district fund. This is recorded as an expenditure from the county general fund and again from the district fund when that money is spent. In this category, we have included only undistributed transfers. These are not all of the transfers that take place. We were able to subtract many of the transfers from a particular object of expenditure. We do not know the objects from which these transfers are being made. Hence, we are calling them undistributed transfers. These undistributed county transfers amounted to about $62 million for the 1992–93 school year.

The county expenditures detailed above are those that constitute at least 2 percent of total county general-fund expenditures. These expenditures together account for about 77 percent of all county general-fund expenditures. In addition to these expenditures, there are many relatively small expenditures on such objects as instructional materials and supplies, guidance and welfare and attendance salaries, transportation salaries, school administrators' salaries, maintenance and operations salaries, utilities, and equipment.

Adding together all expenditures, county general-fund expenditures were about $1,370 million for the 1992–93 school year. The per-pupil county general-fund expenditure if all students enrolled in California's school districts are included is about $266.

Other County K–12 Funds

Counties, like school districts, make expenditures from a number of set-aside funds from which money is allocated to specific purposes.[10] At the county level, expenditures from these other funds are all very small relative to total expenditures on K–12 education. The largest county fund outside of the general fund is the self-insurance fund, which had expenditures of $153 million for the 1992–93 school year. In total, expenditures from other county K–12 funds were $180 million.[11] This results in a per-pupil expenditure if all students are included of about $35.

STATE OPERATIONS EXPENDITURES

"State operations" is defined to include state spending on support services that the state undertakes in the provision of K–12 education. This is principally spending for the California Department of Education that helps to operate K–12 programs in the state and repayments on state general obligation bonds.

Table 3.8 shows the types of spending included in state operations. These are state K–12 operations expenditures reported in the governor's budget.[12]

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[10] For a complete listing of other county K-12 funds and their sizes see Appendix C.

[11] This does not include non–K–12 county spending from the child development fund of about $90 million for the 1992-93 school year.

[12] The governor's budget, 1994-95, includes actuals for the 1992-93 year.

Table 4.1

State Operations

Type of Expenditure	Total State Operations Expenditure (millions)	Percentage Of State Operations Expenditures	Per-Pupil expenditure (dollars)
Department of Education operations	78.15	13.38	15.18
State library	10.01	1.71	1.94
California State Summer School for the Arts	.60	.10	.12
California State Council on Vocational Education	.09	.02	.02
Commission on Teacher Credentialing	12.51	2.14	2.43
General obligation bonds	482.77	82.65	93.75
TOTAL	**584.13**	**100.00**	**113.44**

NOTE: The state expenditures are divided by 5,149,597 students to arrive at the per-pupil expenditures.

About $78 million is expended in the operation of the California Department of Education. This is about $15 per pupil enrolled in school districts in California. In addition, the governor's budget reports several relatively small K–12 expenditures for such operations as the state library, the California State Summer School for the Arts, and the Commission on Teacher Credentialing. These together total spending on state operations of about $23 million.

The state also over the years has issued general obligation bonds primarily in support of capital facilities. This includes the School Facilities Bond Act of 1988, 1990, and 1992 as well as the State School Building Lease-Purchase Bond Law of 1982, 1984, and 1986. The repayment on bond issues for the 1992–93 school year totaled about $483 million. About $285 million was payments of interest on the bonds, and the other $197 million was for redemption or paying off the debt itself. The total per-pupil expenditure on these bond issues for the 1992–93 school year is about $94.

In total, state K–12 operations expenditures were about $584 million for the 1992–93 school year. The per-pupil state K–12 operations expenditure if all students enrolled in California's school districts are included is about $113.

5. Total California K–12 Expenditures

Sections 3 and 4 outlined the school district, county, and state expenditures for K–12 education for the 1992–93 school year. Adding these pieces together, we arrive at total K–12 expenditures for California for the 1992–93 school year, as shown in Figure 5.1.

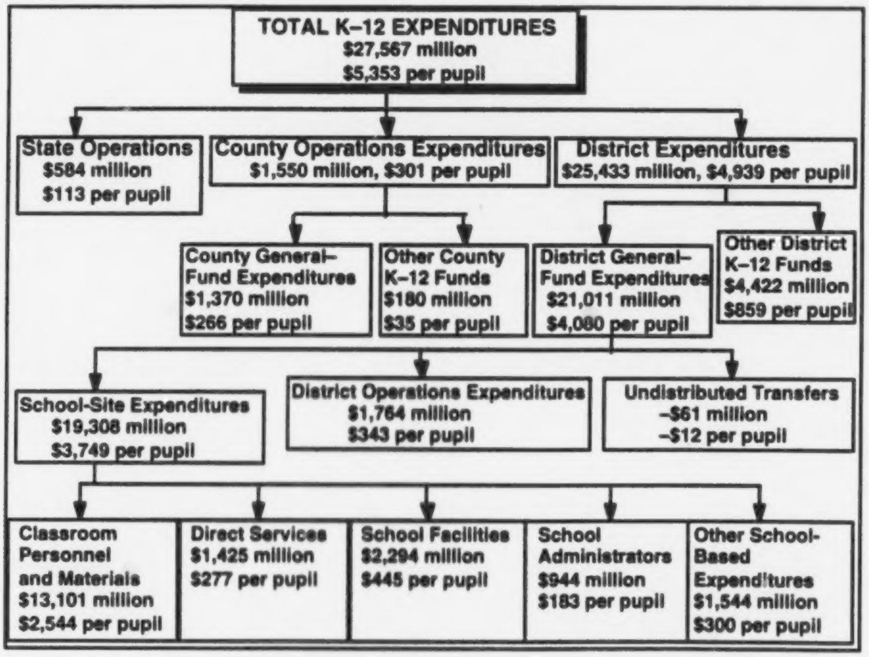

Figure 5.1—Total K–12 Expenditures

Total unduplicated school district, county, and state K–12 expenditures for the 1992–93 school year were $27,567 million. This results in a per-pupil expenditure of $5,353 for all students enrolled in school districts in California. Clearly, the majority of K–12 expenditures take place at the district level, accounting for about 92 percent of total K–12 expenditures. Six percent of total K–12 expenditures take place at the county level, and 2 percent of total K–12 expenditures take place in support of state operations. Further, most spending takes place out of the general funds. District and county general-fund expenditures together totaled $22,381 million and account for about 81 percent of total K–12 expenditures of $27,567 million for the 1992–93 school year.

The individual categories of school district general-fund expenditures can be calculated as a percentage of total district general-fund expenditures or as a percentage of total K–12 expenditures. For example, school district expenditures on classroom personnel and materials of $13,101 million account for about 62 percent of district general-fund expenditures and 47 percent of total K–12 expenditures. Likewise, district operations expenditures of about $1,764 million account for about 8 percent of district general-fund expenditures and about 6 percent of total K–12 expenditures.

Another way to look at these K–12 expenditures is by what moneys are available per pupil at each level of expenditure as money moves from state operation expenditures down to classroom personnel and materials expenditures. This is displayed in Table 5.1.

State operations, county, and school district K–12 expenditures in California totaled about $5,353 per pupil for the 1992–93 school year. Subtracting state operations expenditures leaves $5,240 per pupil. Subtracting county expenditures leaves $4,939 per pupil for school district expenditures. We can continue subtracting per-pupil expenditures at each level until we reach classroom personnel and materials at which point there is $2,544 available per pupil.

Table 5.1

Per-Pupil K–12 Expenditures, 1992–93

	Per–pupil expenditure
Total per-pupil expenditure	5,353
Less per-pupil state operations expenditures	-113
Subtotal available per pupil	5,240
Less per-pupil county expenditures	-301
Subtotal available to school districts per pupil	4,939
Less per-pupil district non–general-fund expenditures	-859
Subtotal available per pupil	4,080
Plus per-pupil undistributed transfers	+12
Subtotal available per pupil	4,092
Less per-pupil district operations expenditures	-343
Subtotal available to schools per pupil	3,749
Less per-pupil other school-based expenditure	-300
Subtotal available per pupil	3,449
Less per-pupil school administrators	-183
Subtotal available per pupil	3,266
Less per-pupil facility costs	-445
Subtotal available per pupil	2,821
Less per-pupil direct services	-277
Subtotal available per pupil	2,544
Less per-pupil classroom personnel and material	-2,544
	0

These per-pupil expenditures are across all students in all school districts in California. In Sections 6 and 7, we begin the process of looking at how these per-pupil expenditures differ for different kinds of students.

6. Distinguishing Expenditure Patterns Of Unified, High School, And Elementary School Districts

The analysis in Section 3 looked at expenditure patterns across all school districts in California. In this section, we will examine how the allocations of resources that we listed in Section 3 may differ across different categories of school districts, in particular, across California's elementary, high school, and unified school districts.[13] We will be looking at the same categories of district general-fund spending that we examined in Section 3, but now we will look at each category separately for unified, high school, and elementary school districts. The J200 database reports that for the 1992–93 school year there were 596 elementary school districts, 301 unified school districts, and 104 high school districts for a total of 1,001 school districts in California. While elementary school districts are most numerous, the unified school districts enroll the majority of students. For the 1992–93 school year, elementary districts enrolled about 1.1 million students, unified districts enrolled about 3.6 million students, and high school districts enrolled about 0.4 million students, for a total of about 5.1 million students enrolled in school districts in California.

Table 6.1 displays district general-fund expenditures by unified, high school, and elementary districts across our categories of expenditure.

The first column in the table contains the categories of expenditure by which we divided district K–12 general-fund expenditures in Section 3. These categories of expenditure are classroom personnel and materials, direct services, school facilities, school administrators, other school-based expenditures, undistributed school-based transfers, and district operations expenditures. For each category of expenditure in Table 6.1, both the total and the per-pupil expenditures are shown. Per–pupil expenditures are derived by dividing total expenditures by the number of unified, high school, or elementary district students. The total expenditures for all three types of districts, as shown at the bottom of Table 6.1, add to the total district general-fund expenditures of $21,011 as in Section 3.

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[13] Variations in school district expenditure patterns may also be influenced by many other factors that we do not explore such as whether the school district is urban or rural, the wealth of the school district, the size of the school district, and the size of its minority populations.

Table 6.1

Distinguishing Expenditure Patterns of Unified, High School, and Elementary Districts

Type of Expenditure	Unified Districts	High School Districts	Elementary Districts
Classroom personnel and materials (millions $)	9,272.15	1,168.89	2,660.03
Per pupil (actual $)	2,546.71	2,667.38	2,436.21
Direct services (millions $)	1,031.42	165.22	228.50
Per pupil (actual $)	284.96	377.03	209.27
School facilities (millions $)	1,633.07	235.78	424.67
Per pupil (actual $)	451.18	538.05	388.93
School administrators (millions $)	672.29	82.83	189.30
Per pupil (actual $)	185.74	189.02	173.37
Other school-based expenditures (millions $)	1,107.06	157.75	279.20
Per pupil (actual $)	305.86	359.98	255.71
Undistributed school-based transfers (millions $)	-43.68	-13.14	-4.65
Per pupil (actual $)	-12.07	-29.99	-4.26
District operations (millions $)	1,237.87	179.31	346.64
Per pupil (actual $)	342.00	409.20	317.47
TOTAL EXPENDITURES (millions $)	14,910.18	1,976.64	4,123.69
TOTAL PER PUPIL (actual $)	4,119.38	4,510.68	3,776.70

NOTE: This is district reported general-fund spending only. For school year 1992–93, there were 1,091,876 students enrolled in elementary districts, 3,619,506 students enrolled in unified districts, and 438,215 students enrolled in high school districts.

Across each category of expenditure in Table 6.1, high school districts spent the most per pupil, followed by unified districts (which include both high schools and elementary schools), and then elementary districts. We will go through each category of expenditure in turn.

Classroom Personnel and Materials

Unified, high school, and elementary school districts had general-fund expenditures on classroom personnel and materials of about $9,272 million, $1,169 million, and $2,660 million, respectively. This adds to about $13,101 million in total for this category of expenditure, as shown in Section 3. Dividing these expenditures by the total number of students enrolled in each type of district, we arrived at per-pupil expenditures on classroom personnel and materials. High school districts spent the most per pupil on classroom personnel and materials with a per-pupil expenditure of about $2,667. Unified districts spent about $2,547 per pupil, or about $120 less per pupil. Elementary districts spent about $2,436 per pupil on classroom personnel and materials.

The same types of expenditures are included under classroom personnel and materials here as in Table 3.1. While the total per-pupil classroom personnel and materials expenditures are greatest for high school districts, two types of expenditures within this category are greater for elementary and unified school districts. Unified and elementary districts spent more per pupil on instructional aides' salaries than high school districts. High school districts spent about $109 per pupil on instructional aides' salaries while elementary districts spent about $152 per pupil and unified districts about $131 per pupil. In addition, elementary and unified districts spent slightly more on instructional materials and supplies than did high school districts. High school districts spent about $58 per pupil on instructional materials and supplies, while elementary districts spent about $67 per pupil and unified districts about $59 per pupil. For all other types of expenditures within this category, high school districts spent more per pupil than elementary or unified school districts. In particular, high school districts spent more per pupil on teachers' salaries and benefits. High school districts spent about $2,370 per pupil on teachers' salaries and benefits while elementary districts spent about $2,111 per pupil and unified districts about $2,255 per pupil.

Direct Services

District general-fund expenditures on direct services for unified, high school, and elementary school districts were about $1,031 million, $165 million, and $229 million, respectively. This adds to about $1,425 million in total for this category of expenditure, as shown in Section 3. Looking at per-pupil expenditures, high school districts spent the most per pupil on direct services with a per-pupil expenditure of about $377. Unified districts spent about $285 per pupil or about $90 less per pupil. Elementary districts spent about $209 per pupil on direct services.

The same types of expenditures are included under direct services here as in Table 3.2. While the total per-pupil direct services expenditures are greatest for high school districts, one type of expenditure within this category is slightly greater for elementary and unified school districts. Unified and elementary districts spent more per pupil on physical and mental health salaries than high school districts. High school districts spent about $8 per pupil on physical and mental health salaries while elementary districts spent about $13 per pupil and unified districts about $19 per pupil. For all other types of expenditures within this category, high school districts spent more per pupil than elementary or unified school districts. In particular, high school districts spent more per pupil on guidance, welfare, and attendance salaries. High school districts spent about $132 per pupil on these salaries, while elementary districts spent about $47 per pupil and unified districts about $81 per pupil.

School Facilities

As shown in Section 3, about $2,294 million in total was spent on school facilities. This is divided among unified, high school, and elementary school districts, which spent about $1,633 million, $236 million, and $425 million, respectively. High school districts spent the most per pupil on school facilities with a per-pupil expenditure of about $538. Unified districts spent about $451 per pupil, or about $90 less per pupil. Elementary districts spent about $389 per pupil on school facilities.

The same types of expenditures are included under school facilities here as in Table 3.3. While the total per-pupil school facility expenditures are greatest for high school districts, one type of expenditure within this category is greater for elementary and unified school districts. Unified and elementary districts spent more per pupil on debt service/loan repayment than high school districts. High school districts spent about $8 per pupil on debt service/loan repayment, while elementary districts spent about $10 per pupil and unified districts about $16 per pupil. For all other types of expenditures within this category, high school districts spent more per pupil than elementary or unified school districts. In particular, high school districts spent more per pupil on operations salaries and on utilities and housekeeping services. High school districts spent about $147 per pupil on operations salaries while elementary districts spent about $114 per pupil and unified districts about $139 per pupil. High school districts spent about $126 per pupil on utilities and housekeeping services, while elementary districts spent about $81 per pupil and unified districts about $93 per pupil.

School Administrators

Unified, high school, and elementary school districts had general-fund expenditures on school administrators' salaries and benefits of about $672 million, $83 million, and $189 million, respectively. This adds to about $944 million in total for this category of expenditure, as shown in Section 3. This results in high school districts spending the most per pupil on school administrators' salaries and benefits with a per-pupil expenditure of about $189. Unified districts spent about $186 per pupil. Elementary districts spent about $173 per pupil on school administrators' salaries and benefits.

Other School-Based Expenditures

School districts spent about $1,544 million of general-fund expenditures on other school-based expenditures for the 1992–93 school year. This is divided among unified, high school, and elementary school districts, which spent about $1,107 million, $158 million, and $279 million, respectively. Looking at per-pupil expenditures on other school-based expenditures, high school districts spent the most per pupil on other school-based expenditures with a per-pupil expenditure of about $360. Unified districts spent about $306 per pupil and elementary districts spent about $256 per pupil on other school-based expenditures.

The same types of expenditures are included under other school-based expenditures here as in Table 3.5. For all types of expenditures within this category, high school districts spent more per pupil than elementary or unified school districts. In particular, high school districts spent more per pupil on clerical and other office salaries. High school districts spent about $153 per pupil on clerical and other office salaries, while elementary districts spent about $101 per pupil and unified districts about $124 per pupil.

Undistributed School-Based Transfers

Unified, high school, and elementary school districts had general-fund expenditures on undistributed transfers of about $44 million, $13 million, and $5 million, respectively. This adds to about $61 million in total for this category of expenditure, as shown in Section 3. Dividing these expenditures by the total number of students enrolled in each type of district, we arrived at per-pupil expenditures on undistributed transfers. High school districts have the largest undistributed per-pupil transfers of about $30. Unified districts have undistributed per-pupil transfers of about $12, and elementary districts have undistributed per-pupil transfers of about $4.

District Operations

For the 1992–93 school year, district general-fund expenditures on district operations for unified, high school, and elementary school districts were about $1,238 million, $179 million, and $347 million, respectively. This adds to about $1,764 million in total for this category of expenditure, as shown in Section 3. High school districts spent the most per pupil on district operations with a per-pupil expenditure of about $409. Unified districts spent about $342 per pupil, or about $70 less per pupil. Elementary districts spent about $317 per pupil on district operations.

The same types of expenditures are included under district operations here as in Table 3.7. While the total per-pupil district operations expenditures are greatest for high school districts, one type of expenditure within this category is slightly greater for unified school districts than for high school districts. Unified districts spent more per pupil on certificated supervisors' salaries than high school districts or elementary school districts. Unified districts spent about $24 per pupil on certificated supervisors' salaries, while elementary districts spent about $15 per pupil and high school districts about $21 per pupil. For all other types of expenditures within this category, high school districts spent more per pupil than elementary or unified school districts. In particular, high school districts spent more per pupil on clerical and other office salaries. High school districts spent about $101 per pupil on clerical and other office salaries, while elementary districts spent about $67 per pupil and unified districts about $82 per pupil.

Total Expenditures and Total Per–Pupil Expenditures

In total, general-fund expenditures for unified districts for the 1992–93 school year were about $14,910 million. General–fund expenditures for high school districts were about $1,977 million and for elementary districts were about $4,124 million. As shown in Figure 6.1, the resulting per-pupil expenditures were $4,511 for high school districts, $4,119 for unified districts, and $3,777 for elementary districts. In total, high school districts spent about $392 more than unified districts per pupil and about $734 more than elementary districts per pupil.

Further, across each category of expenditure: classroom personnel and materials, direct services, school facilities, school administrators, other school-based expenditures,[14] and district operations expenditures, high school districts spent the most per pupil.

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[14] Undistributed transfers of $12 per pupil in unified districts, $30 per pupil in high school districts, and $4 per pupil in elementary districts are subtracted here from other school-based expenditures and so are not shown separately.

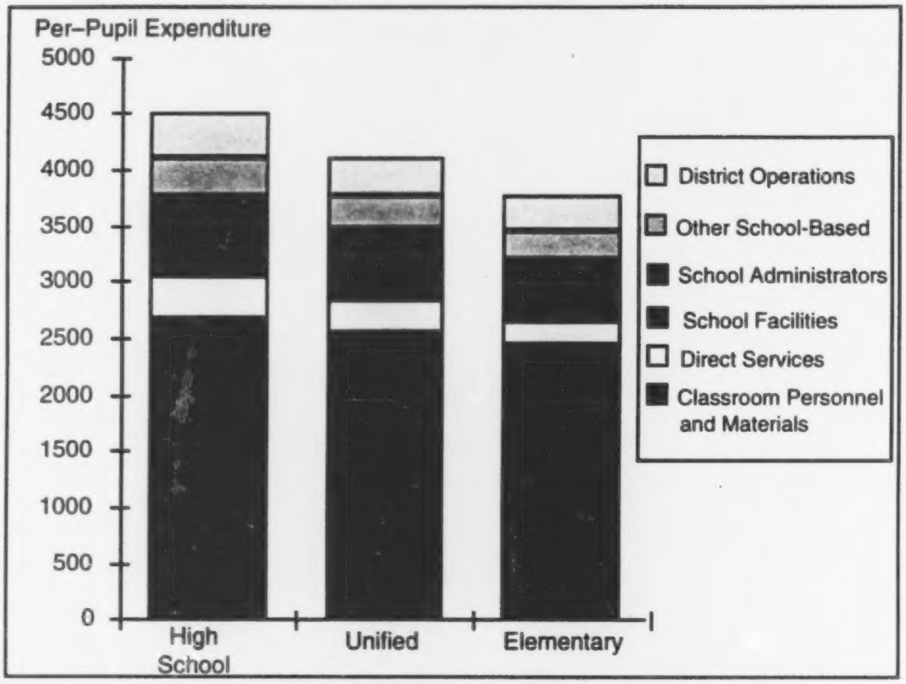

Fig. 6.1-Per-Pupil Expenditures by Type of District

Detailed above were spending differences by type of district for the individual categories of expenditures. In addition, we can see whether different types of districts spend similar percentages of total expenditures on each of the categories of expenditure. Dividing total expenditures for each type of district by the individual total expenditures for each category of expenditure shows that elementary, high school, and unified districts spend similar shares of their total expenditures on the various categories, although there are some differences. Unified districts spend about 61 percent of their total expenditures on classroom personnel and materials, while high school districts spend about 58 percent of their total expenditures here and elementary districts spend about 63 percent of their total expenditures on classroom personnel and materials. In addition, high school districts spend a slightly larger percentage of their total expenditures on school facilities. High school districts spend about 12 percent of their total expenditures on school facilities, followed by 11 percent spent on school facilities by unified districts and 10 percent spent on school facilities by elementary districts.

7. District And County Spending On The Special–Needs Populations

The state and the federal governments provide funding for a number of programs, such as special education, for students with particular needs. Section 3 of this report determined expenditure patterns across all students and districts in California.[15] But, these federal and state programs may result in per-pupil expenditures that differ for the students who participate in these special–needs programs. In particular, we will focus on total expenditures and per-pupil expenditures in three different programs. Those programs are special education, Chapter 1, and child nutrition. We detail the spending in these programs in particular because these are three of the largest categorical programs.

As we go through each program in turn, we will cover a few areas of interest. First, we will look at district and county expenditures on the particular program. This will determine how much of the district and county general-fund expenditures, as outlined in Sections 3 and 4, go to each of these special–needs programs. All numbers again are for the 1992–93 school year. In addition to total district and county spending on these programs, we are also interested in per-pupil spending. To calculate per-pupil expenditures, we have received data from the California Department of Education on the number of students participating in each of these programs. As will be discussed below for the individual programs, the number of students participating is often difficult to determine.

Finally, for each program, we are interested in what we call the flexibility of the money going to that program. By flexibility of the money, we mean how much money is tied to the particular student. So, if a student left a public school, how much of the money would follow the student to a new school, how much would remain with the student's old school, and how much money would just disappear. This is of particular interest given some of the current school reform efforts. First, California has recently passed legislation allowing limited student choice of public schools across districts. Since some students are now allowed to enroll in other school districts, this has implications for the movement of these special–needs moneys. Second, there are discussions taking place about school vouchers for private schools. Relevant to these discussions is what kinds of state and federal money can be expected to follow a special–needs student from a public to a private school. The flexibility of the money is determined based on current law. While it is unlikely that the federal funding formulas for the various programs would change based on school reforms in California, the state funding formulas could be changed to reflect school reform efforts.

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[15] See Appendix E for an explanation of the difficulties in calculating a "base" per–pupil expenditure for those students receiving no special–needs money.

We will discuss these issues for each of the programs in the following subsections.

SPECIAL EDUCATION

The mandate for special education is to ensure that all children with exceptional needs receive, free of charge, the education and services necessary to meet their unique needs. It is both a federal and a state program, although the federal government provides only about 7 percent of the money spent on special education. If a student is identified as potentially needing special education services, an individualized educational program (IEP) is written for the pupil that delineates whether services are required and, if so, the services to be provided. The federal special education program is funded based on a headcount of the number of children with IEPs. It is based on an April count of IEPs by such factors as the types of services provided and the age groups of the students. The federal program allocated about $300 per special education student for the 1992–93 school year.

The state program is far more complicated. Special education students are categorized by educational placement.[16] If a student's needs are minimal, they are assigned to designated instruction and services (DIS). If the student's needs are somewhat greater, but the student can function in a regular classroom more than one–half of the day, then the student is placed in a designated resource specialist program (RSP). If the student cannot function in the regular classroom for more than one–half of the day, the student is designated for a special day class (SDC).

State funds are provided by instructional units. Funding is not provided for an individual student. For DIS, the state provides one teacher (instructional unit) for every 24 students in DIS. DIS gets no aides. For RSP, the state provides one teacher for every 24 students in RSP and one aide. For SDC, the state provides one teacher for every 10 SDC students and one or two aides.

In total, California's public schools employed 22,874 full-time-equivalent teachers for special education classes for the 1992–93 school year. This is out of 215,739 full-time-equivalent teachers in California. The majority of these special education teachers, about 12,000, lead special day classes or special education centers. In addition, about 7,000 of the 22,874 special education teachers were resource specialists.[17]

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[16] For more information on special education see Goldfinger, 1994.

California funds special education based on the instructional unit costs of Local Education Agencies (LEAs). The unit rates are based on the 1979-80 unit costs for each LEA, increased by the state cost of living increases. Further, the 1979–80 unit costs for each LEA are different for DIS, RSP, and SDC. In addition to state funds for unit costs, LEAs get state funds for support services. These are tied to the proportion of special education services that went to support services in 1979-80. On average, about 52 percent was spent on support services over and above unit costs. This means, for example, if a LEA receives $10,000 for an instructional unit, it also receives an additional $5,200 for support services. It is important to note that the percentage for support services varies greatly. Some LEAs receive no additional funding for support services because no support service spending was reported in 1979-80.

While the state funds special education based on the instructional unit costs of LEAs, the instructional units are apportioned to special education local plan areas (SELPAs). A SELPA is commonly a county office of education and all of the districts in the county. The SELPAs have the discretion to decide how to allocate the instructional units to the LEAs. The SELPAs are not restricted in allocating the instructional units based on the number of students requiring services in an LEA. Further, the SELPAs can, and often do, allocate fractions of an instructional unit to an LEA, which means that LEAs share instructional units.

Table 7.1 displays special education expenditures by educational placement categories.

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[17] These numbers are from the California Department of Education, 1993.

Table 7.1

District and County Spending on Special Education Students

Special Education	District Direct Expenditures + Support Costs (millions)	Percentage of District General- Fund Expenditures	County Direct Expenditures + Support Costs (millions)	Percentage of County General -Fund Expenditures	Number of Participating Students	Per -Pupil District and County Expenditure (actual dollars)
Special day class	1,111.55	5.29	308.36	22.51	160,982	8,820.33
Resource specialist	719.70	3.43	33.54	2.45	226,481	3,325.87
Designated instruction and services	354.62	1.69	81.22	5.93	138,222	3,153.20
Nonpublic schools	172.60	.82	41.22	3.01	9,055	23,613.27
Program specialists and regionalized services	37.97	.18	18.73	1.37	4,458	12,719.53
Assessment costs	66.41	.32	6.71	.49	539,198	135.62
Special education transportation	165.64	.79	76.67	5.60	539,198	449.40
TOTAL, SPECIAL EDUCATION	2,628.50	12.51	566.47	41.35	539,198	5,925.41

NOTE: District spending on the special-needs populations comes from total district general-fund spending of $21,011 million. County spending on the special-needs populations comes from total county general-fund spending, $1,370 million.

The second column displays district direct expenditures and support costs. The third column shows the percentage of total district general-fund expenditures spent on each of the special education programs. The fourth column shows the county direct expenditures and support costs. The fifth column shows the percentage of total county general-fund expenditures spent on each of the special education programs. The sixth column shows the number of participating students, and the seventh column shows the per-pupil county and district expenditure. The per-pupil expenditures are derived by adding the columns of district and county expenditures and dividing that total expenditure number by the number of participating students.

As shown in column 2, district expenditures are greatest for the students in special day classes. The districts spent about $1,112 million on students in such programs in the 1992–93 school year. This is 5.29 percent of total district general-fund expenditures. School districts also spent about $173 million on non–public–school students. These are students for whom it is determined that the public schools cannot provide the services that the student needs, and the public school pays for the student to be enrolled at a private school. In total, as shown in column 3, about 13 percent of all district general-fund expenditures are allocated to the special–needs populations.

As shown in column 4, the largest county expenditure on special education is for the special day class. In total, the counties spent about $566 million on special education for the 1992–93 school year. This spending is about 41 percent of all county general-fund spending. Clearly, a primary responsibility of counties is providing for special education.

The funding mechanism for special education makes it very difficult to determine what dollars are spent on an individual student in special education. The state calculation determines how many instructional units to provide SELPAs. Then, the SELPAs have discretion over how many instructional units to provide to each LEA. This allocation may have little to do with the state allocation calculation. Then, each LEA determines how many instructional units to put at each school. Further, each LEA has a different payment schedule for DIS, RSP, and SDC instructional units and a different allocation for support services.

We received the number of students participating in each of the special education programs from the California Department of Education's Special Education Division. In total, for the 1992–93 school year, 539,198 students are recorded as participating in special education programs. These students receive different levels of services in different special education programs. Besides those students listed under assessment costs and special education transportation, column 6 shows unduplicated counts of students participating in special education programs. The largest number of students, about 226,000, participate in the resource specialist program. The fewest students, 4,458, participate in the regionalized services or state operated programs. We have assumed that all special education students contribute to assessment costs. Actually, assessment costs also apply to those who were assessed for their special education needs and were determined not to require special services. This total number is not available. We have also assumed that all special education students receive special education transportation. It is likely that only a fraction of special education students receive special education transportation, but again that number is not available.

The last column shows per-pupil expenditures. The per-pupil expenditure of about $23,613 for non-public-school students is about double the expenditure on any other group of students. Those in state operated public school programs have a per-pupil expenditure of about $12,720. Of the other special education programs, the special day class, which provides the most public school services to a special education student, has a per-pupil expenditure of about $8,820. The designated instruction and services program, which provides the least intensive public school services to special education students, has a per-pupil expenditure of about $3,153. As shown, there is great variation in the per-pupil expenditures by program. On average, counties and districts together spent about $5,925 on special education students for the 1992–93 school year.

There are a couple of important caveats on interpreting these per-pupil expenditure numbers. First, the per-pupil expenditures for each special education program are averages. As each LEA has a different payment schedule for DIS, RSP, and SDC instructional units and a different allocation for support services, these averages are likely to vary greatly among LEAs. Second, students within each of these programs may be receiving very different services. For example, within DIS, some students may spend a few hours a month receiving services while others may spend a few hours a week. The numbers reported are averages across all students and may hide important differences between students.

Regarding the flexibility of special education funds, the funding formula for special education leaves it unknown if special education money would follow a student to another school, stay in the previous school, or disappear. Spending is allocated by the state to SELPAs based on instructional units for each 10 students in SDC and 24 students in RSP and DIS. Therefore, the number of instructional units allocated to a particular SELPA changes as 10 students leave SDC or 24 students leave RSP or DIS. Since SELPAs often encompass many districts, special education students would have to leave the SELPA for funding to the SELPA to potentially change. Further, there is no formula for how SELPAs distribute instructional units to LEAs.

Therefore, the number of instructional units may or may not change for an LEA when students leave. For students leaving public schools for private schools, it seems unlikely that the special education money would follow the student to the private school. The special education money currently going to private schools is for the few students who are determined to have needs that public schools cannot serve.

CHAPTER 1

Chapter 1 is strictly a federal program and is designed to do two things: (1) deliver federal funds to local school districts and schools responsible for the education of students from low-income families and (2) supplement the educational services provided in those districts to low-achieving students.[18] School districts with 10 or more children from families below the poverty level are eligible to receive Chapter 1 funds. Most of the students served by Chapter 1 are in public schools, although a small percentage of Chapter 1 students are enrolled in private schools. The Chapter 1 funds mainly go to support teachers and teachers' aides because Chapter 1 services focus primarily on remedial instruction.

Funding is directed by a formula that provides funds to counties within each state based on counts of low-income children in the county. Chapter 1 contains two separate formulas: the basic grant and a separate concentration grant. The basic grants (90 percent of all Chapter 1 funds) are allocated in proportion to the number of poor children aged 5 to 17 in a county, calculated by the number of children from families with income below the poverty line as reported in the decennial census. This calculation does not take into account whether the children are enrolled in public or private schools or are dropouts. The calculation is based only on the total number of poor children in a county. Counties then also receive concentration grants if at least 15 percent, or 6,500, of the children aged 5 to 17 are from families with incomes below the poverty line. Even though the federal aid is determined at the county level, the federal government provides the money to the state. The state's allocation is the sum of the allocations to all of its counties. Then the state, based on Aid to Families with Dependent Children (AFDC) poverty counts at the district level, allocates the money to districts. The districts then once again determine which schools receive money based primarily on either the AFDC or the free lunch poverty count. Usually, the free lunch poverty count is used. The poverty count is only used as an indicator of which schools are likely to need remedial services. Once the money gets to the schools, student eligibility for the program is not based on poverty but on the need for remedial services.

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[18] For more information on Chapter 1, see Rotberg and Harvey, 1993, or Riddle, 1992.

Schools select eligible students not on income criteria, but on the basis of "educational deprivation," which is normally determined by performance on standardized achievement tests or by teacher recommendations. As a result, Chapter 1, for the most part, ultimately provides supplemental services to individually selected children within a school. Chapter 1 typically serves students who are in the bottom quartile of tested achievement.

Once students are selected based on achievement criteria, Chapter 1 funds are given great flexibility in their use. The variety of local programs reflects the flexibility built into Chapter 1. Some schools use instructional aides, some schools pull students out of regular classrooms to provide supplemental instruction, other schools provide instruction in the regular classroom. Also, some schools provide services to all grades, while others focus on a couple of grades. Other schools serve children in all grades in rank order beginning with who needs it most. With limited funds, schools often choose between providing intense remedial services for a limited number of children or serving all eligible children by limiting the extra instruction each receives.

Because Chapter 1 funds are available to any district with 10 or more eligible children, the funds are spread very broadly. Chapter 1 educational services are provided in almost all school districts and in a large number of schools. Chapter 1 money tends to be concentrated in elementary schools. While most Chapter 1 students are enrolled in public schools, private students are also eligible for services. The calculations for federal Chapter 1 money is based on the number of children below the poverty level in the county. Since there is no determination of whether the child is enrolled in a public or a private school, some of the money generated can be from students enrolled in private schools. Money cannot flow between public and private schools, but resources can. In theory, students in private schools who are determined eligible for the Chapter 1 program can participate the same way that a public school student can. In practice, not many private schools choose to participate in the program.

Table 7.2 shows district and county spending on Chapter 1 as well as per-pupil expenditures.

Table 7.2

District and County Spending on Chapter 1 Students

	District Direct Expenditures + Support Costs (millions)	Percentage of District General–Fund Expenditures	County Direct Expenditures + Support Costs (millions)	Percentage of County General–Fund Expenditures	Number of Participating Students	Per –Pupil District and County Expenditure (actual dollars)
Chapter 1	516.54	2.46	72.23	5.27	1,283,701	458.66

NOTE: District spending on Chapter 1 comes from total district general-fund spending, $21,010 million. County spending on Chapter 1 comes from total county general-fund spending, $1,370 million.

For the 1992–93 school year, districts spent about $517 million on direct Chapter 1 expenditures and related support costs. This is about 2.5 percent of total district general-fund expenditures. In addition, counties spent about $72 million on direct Chapter 1 expenditures and related support costs, which is about 5.3 percent of total county general-fund expenditures.

The number of participating Chapter 1 students is about 1,283,700. Of those, about 34,126 students from 399 private schools in California participated in the Chapter 1 program for the 1992–93 school year. The number of students participating in Chapter 1 is not easy to derive because the funding formula is not based on the number of students receiving services. The calculations for Chapter 1 funding are based on the number of children in families in poverty in a county. This calculation does not provide information on how many children are served in the public schools. Therefore, the number of students actually served in public schools is not a readily available number. The number of students served in private schools is collected because private schools fill out application forms to participate. We have received the Chapter 1 participation numbers from the Consolidated Programs and Information Management Unit of the California Department of Education. This unit collects the number of compensatory education participants from a questionnaire filled out by all school districts in California. Compensatory education participants are those students served by either Chapter 1 or State Compensatory Education funds. In some cases, districts did not receive Chapter 1 funds and the number of students participating in only the State Compensatory Education program could be subtracted from the total. In other cases, there are likely some students receiving State Compensatory Education funds and not Chapter 1 funds who are included in the totals. Unfortunately, there is no collection of the number of students participating in only the Chapter 1 program.

The final column in Table 7.2 shows an average Chapter 1 per-pupil expenditure of about $459 for students participating in the Chapter 1 program. A couple of important caveats need to be considered in interpreting these numbers. First, students receive all sorts of services under Chapter 1, and an average across all students may not be very accurate for any given student. Some students receive services once a month, while others receive intense one-on-one services daily. Second, students who seem to have similar needs may receive different services across districts. Some schools or districts decide to concentrate these services intensely on a relatively few students or grade levels, while other schools or districts spread them out more broadly.

The flexibility of Chapter 1 funds depends on a number of factors. If a student switches public schools or from a public to a private school, the federal money coming into the state does not change. The federal money is based on total poverty counts at the county level. The state allocations to particular districts are also based on poverty counts at the district level and so will not likely change unless the families included in these poverty counts move from one district to another. The district's allocations to individual schools could change, although the total allocation to schools should not change. The district's allocations to the schools are based on poverty counts and achievement needs in the schools. If the makeup of the student body changes, the money that a public school receives could change.

In theory, the resources that public school students receive from Chapter 1 should not change if they transfer to a private school. Resources can follow the student to the private school. Chapter 1 funding is based on poverty counts in counties and districts. The calculations include all children below the poverty level, not just those in public schools. In theory, resources are supposed to flow between the public and private schools to account for those students in private schools who are in need of services. In practice, many private schools do not participate in the program. Private schools cannot receive money from the public schools for needy students but can receive public school resources to serve such students. This may include a mobile classroom set up at a private school at which public school teachers provide remedial services to private school students for a given time period.

CHILD NUTRITION

The child nutrition program includes both a state and a federal component. Child nutrition is largely a school lunch and school breakfast program. It is the largest of the federal categorical programs, providing about $640 million in support to California's schools in 1992–93.[19] State dollars for school nutrition programs totaled about $49 million for the 1992–93 school year. District and county spending on the child nutrition programs is included in the cafeteria fund, not in district or county general-fund expenditures.

The federal and state child nutrition programs reimburse schools based on the number of breakfast and lunch meals served. Breakfasts and lunches are classified as "free," "reduced priced," or "paid." Each has a different reimbursement rate, with "free" breakfasts and lunches being reimbursed the most and "paid" breakfasts and lunches being reimbursed the least. In addition, agencies that serve over a certain percentage of free and/or reduced price lunches receive higher reimbursement rates. For example, for the period July 1, 1993, through July 30,

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[19] For more information on the child nutrition program see Yavis Jones, 1993.

1994, for the federal school lunch program, those agencies serving 60 percent or more free and/or reduced price lunches received $.1850 per paid lunch, $1.345 per reduced price lunch, and $1.745 per free lunch. Agencies that did not fall into that category received $.02 less for each kind of lunch served.[20] The schools report to the districts each month how many of each type of lunch and breakfast they served that month, and then the districts submit for reimbursement to the state. The process of reimbursement takes about two months. The classification of the student into free, reduced price, and paid meal is based on the poverty level of the student. If at 135 percent of the poverty level, the student receives a free meal. Between 135 percent and 185 percent of the poverty level, the student receives a reduced price meal. If the student is above 185 percent of the poverty level, the student receives a paid meal.

The federal reimbursement is for both public and private schools. Both public and private schools can participate in the federal child nutrition programs. The state child nutrition programs cover only public schools.

Almost all public school districts participate in the school lunch programs. In FY 1992–93, 912 out of 1,001 public school districts participated in the program. In addition, there were 59 private school sponsors participating in the federal school lunch programs. About 68.4 percent of school lunch meals served are free meals, 6.2 percent are reduced price meals, and 25.4 percent are paid. The total number of meals served in 1992–93 was about 403,686 thousand. The average daily participation of public and private students in the school lunch program is about 2,242 thousand. Or, on average, participating students take part in the school lunch program about 180 days a year.

Fewer public and private schools participate in the school breakfast program, although the public school breakfast program has been growing. In FY 1992–93, 540 public school districts participated in the school breakfast program. In addition, there were 21 private school sponsors participating in the federal school breakfast program. For the school breakfast program, agencies that serve 40 percent or more free and/or reduced price lunches receive higher reimbursement rates. For example for the period July 1, 1993, through July 30, 1994, for the federal school breakfast program, those agencies falling into this higher rate category received $.19 per paid breakfast, $.8425 per reduced price breakfast and $1.1425 per free breakfast. Agencies that did not fall into that category received the same amount per paid breakfast, $.66 per reduced price breakfast and $.96 per free breakfast. About 92 percent of school breakfast meals served are free meals, 3 percent are reduced price meals, and 5 percent are paid. The total number of breakfasts served in 1992–93 was about 115,386 thousand. The average daily participation of public and private students in the school breakfast program is about 641 thousand. Again, on average, participating students take part in the school breakfast program about 180 days a year.

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[20] The numbers in this subsection on reimbursement rates and student participation rates are from the California Department of Education, Child Nutrition and Food Distribution Division.

Average per-pupil expenditures in the child nutrition school lunch program will vary for those receiving free meals, reduced price meals, and paid meals. The average per-pupil expenditure will also vary for students in agencies that serve fewer than 60 percent free and/or reduced price lunches and for students in agencies that serve more than 60 percent of these lunches. Assuming that participating students receive school lunches 180 days a year, the yearly expenditure per student in a school that serves less than 60 percent free and/or reduced price lunches is $332 for those receiving free meals, $260 for those receiving reduced price meals, and $30 for those receiving paid meals. The yearly expenditure for those participating in schools that serve at least 60 percent free and/or reduced price lunches is $336 for those receiving free meals, $264 for those receiving reduced price meals, and $33 for those receiving paid meals.

Additional expenditures are made for those students who participate in the school breakfast program. Average per-pupil expenditures in the child nutrition school breakfast program will also vary for those receiving free meals, reduced priced meals, and paid meals. The average per-pupil expenditure in the school breakfast program will also vary for students in agencies that serve fewer than 40 percent free and/or reduced price lunches and for students in agencies that serve more than 40 percent of these lunches.[21] Assuming that participating students receive school breakfasts 180 days a year, the yearly expenditure per student in a school that serves less than 40 percent free and/or reduced price lunches is $194 for those receiving free meals, $140 for those receiving reduced price meals, and $34 for those receiving paid meals. The yearly expenditure for those participating in schools that serve at least 40 percent free and/or reduced price lunches is $227 for those receiving free meals, $173 for those receiving reduced price meals, and $34 for those receiving paid meals.

Regarding the flexibility of child nutrition funds, school breakfasts and lunches are reimbursed on a per–meal basis. To the extent that students switch from one public school to another public school, the total expenditures from the federal government and the state governments to the child nutrition program are not likely to change. They could potentially change if the transfer of students changes the number of schools serving more or less than 60 or 40 percent free and/or reduced price lunches. The child nutrition dollars to an individual school could go down to the extent that students transfer from the school and no new participating students replace them and the other students continue to consume the same number of school breakfasts and lunches. The dollars to the public school would go down as determined by the number of breakfasts and lunches the students who transferred consumed and the classification of the students into paid, reduced price, or free meal.

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[21] The reimbursement rates for the school breakfast program are tied to the percentage of free or reduced price lunches served at a site.

If the student transferred to a private school, the federal money would follow the student to the private school if the private school chose to participate in the program. It is likely that federal expenditures on the child nutrition program would go down because many private schools do not participate in the program. The state spending on the child nutrition program would go down because the state money would not follow the student to the private school.

8. Conclusions

Current school reform movements and the crisis brewing in California's K–12 school financing suggest the need to understand how much is spent on K–12 education in California and where the money goes once it is allocated to K–12 education. Charter schools and school choice initiatives ask how much should be allocated per student. To answer this question, we must first know how much is currently being spent on public school students and on what these moneys are being spent. Further, the conflicting trends in California's fiscal well-being and the growth in its student population point to the need to understand how the K–12 dollars are being spent. Today we face the serious question of whether the state can continue to provide public K–12 education at its current per-pupil level.

This study shows how California's education dollars are spent. We have examined how much is spent on K–12 education in California among a variety of categories of expenditure at the state, county, district, and school level. Our intent is to document how the education dollars are spent to help initiate and frame further discussions on education spending. These discussions should include looking in greater detail at how the aggregate expenditure patterns that we found differ among different school districts, schools within school districts, or diverse student populations. They should also include looking at how those dollars are put to use and translated into educational services.

This study has presented one way to organize education expenditures into categories of expenditure. In defining our categories, we looked to what others had done in California and in other states in defining expenditure categories and we held numerous discussions with people inside RAND and with people inside school districts and county offices of education. Clearly, there is no one "right" way to define these categories, and these categories may change over time as educational reforms take place. We have provided the details on what types of expenditures we have included in each of the categories of expenditure, the basis for their placement, and the size of each of the expenditures to allow others to discuss the different types of expenditures, to move expenditures easily from one category to another, and to recategorize expenditures in other sensible ways. In addition, we have sought to provide a sense of where the current level of data on California's K–12 expenditures can take us and where there is a lack of good information available.

Further, although this particular analysis focuses on California, other studies have been done that have looked at spending on K–12 education in other states. And other states facing similar issues as California have begun to explore how their education dollars are spent. To the extent possible, there is a need for a common definition of terms across these studies. It is a matter of judgment whether the expenditure patterns that we have identified in California are "good" or "bad." Comparisons with other states would help inform such discussions. In addition, the use of similar definitions would limit some of the confusion that has been generated when one study finds a small percentage of expenditures taking place "in the classroom" and another study finds a large percentage of expenditures taking place "in the classroom" simply because of different definitions.

Based on our placements of the many types of expenditures made on behalf of K–12 education, some findings of this report are as follows:

1. California's school districts spent about $13,101 million on classroom personnel and materials for the 1992–93 school year. This is about $2,544 per student enrolled in a school district in California for the 1992–93 school year. As a result, about 62 percent of total district general-fund expenditures, or 46 percent of total K–12 expenditures, in California were spent by school districts on classroom personnel and materials.

2. District general-fund expenditures on direct services to students totaled about $1,425 million. These include expenditures on librarians' salaries, transportation services, food services, and guidance and welfare personnel. This is about $277 per student. As a result, about 7 percent of total district general-fund expenditures were spent by school districts on direct services.

3. California's school districts spent almost 11 percent of district general-fund expenditures on school facilities, including maintenance, rental or leases, repairs, and utilities. This is an expenditure of about $2,294 million or $445 per pupil.

4. District general-fund spending on school administrators' salaries and benefits was about $944 million, or $183 per pupil. This is about 5 percent of total district general-fund spending. District general fund spending on other school-site expenditures, including undistributed transfers, was about $1,483 million. This is about $288 per pupil and 7 percent of total district general-fund expenditures.

5. School districts spent about $1,764 million on district operations. This is about 8 percent of all district general-fund expenditures, or $343 per pupil.

6. In total, district general-fund expenditures on school-site personnel salaries and benefits were about 87 percent of total district general-fund expenditures.

7. High school districts spend more per pupil than elementary or unified districts across all of our defined spending categories. In total, high schools spent about $392 more than unified districts per pupil and about $734 more than elementary districts per pupil. Further, high school, unified, and elementary districts generally showed similar patterns of expenditure with elementary districts spending a higher percentage of total expenditures on classroom personnel and materials.

8. Per–pupil expenditures can vary greatly for special–needs students, particularly for those participating in particular special education programs.

The types of expenditures included in each of our categories of expenditure to arrive at these totals have been provided to allow other analysts to easily move expenditures from one category to another. What we found through our research was that there is a large percentage of expenditures for which there was agreement on the proper placement. For example, teachers' salaries and benefits, which cost 62 percent of total district general-fund expenditures, belong in the category of classroom personnel and materials. For other types of expenditures, reasonable arguments were heard from a variety of individuals who pointed to different placements of the expenditures. But, these expenditures tended to be a relatively small percentage of total expenditures. For example, we have included retirees' benefits under classroom personnel and materials, viewing them as deferred compensation. Discussions with some analysts and administrators suggested that these belong in district operations expenditures. Excluding that expenditure from the classroom personnel and materials category would reduce expenditures from that category from 62 percent of total district general-fund expenditures to 61 percent of such expenditures. Likewise, district operations expenditures would go up from 8 percent to 9 percent of total district general-fund expenditures. Other services and operating expenditures is another type of expenditure that we had trouble placing. We placed one-half of these expenditures under other school-based expenditures and one-half under district operations expenditures. If, instead, we had placed all of these expenditures under other school-based expenditures, this would have lowered the percentage of total district general-fund expenditures going to the district operations category of expenditure by about 1.6 percentage points and would have raised the percentage of total district general-fund expenditures going to the other school-based expenditures category by this same amount. It is for the reader to decide whether changes of these magnitudes are significant. We have pointed out throughout our discussions when particular types of expenditures were difficult to place, either because of a lack of good information on what was included in the type of expenditure or because reasonable arguments were heard from a variety of individuals that pointed to different placements of the particular types of expenditures.

Further, we have begun to look at how the expenditure patterns that we found may differ across school districts. After looking at school district spending patterns across all districts in California, we were interested in how these spending patterns may differ across districts and students in districts. In particular, we looked at how expenditure patterns may differ for elementary, high school, and unified school districts and how they may differ for the special–needs populations. We found that for each of our categories of district general-fund expenditures, high school districts spent more per pupil than elementary or unified school districts. In total, high school districts spent $4,511 per pupil, while unified school districts spent about $4,119 per pupil and elementary school districts spent about $3,777 per pupil. Further, students participating in special–needs programs face different per-pupil expenditures. This is particularly true for students participating in particular programs within the special education program. For example, per-pupil special education expenditures on students for whom it is determined cannot function in the regular classroom for more than one–half of a day were about $8,820 for the 1992–93 school year.

Other Thoughts

We also see this study as serving an important function in pointing out where there is and where there is not adequate information on K–12 expenditures in California. To examine how education dollars are spent, it was necessary to collect several sources of data. The California county and school district reporting forms require all counties and school districts to record expenditures across a variety of objects of expenditures. These forms provide a good source of broad information across all school districts in California. At a general level, they allow for analyses on how much is spent by each district on such areas as classroom teachers' salaries, textbooks, librarians' salaries, school administrators' salaries, and superintendents' salaries. Because the information is provided individually by district, this allows for some comparisons to be made across districts. While this is a good general source of information, it does not allow for more detailed analyses on how the education dollars are spent. There is no distinction in the objects of expenditure for how much of the object was spent at district or county offices versus how much was spent at the school site. This is essential information for trying to determine where the education dollars go. Further, there are broad objects of expenditure such as equipment and other supplies for which we do not know what types of equipment or supplies are included by the districts or the size of the respective expenditures. Equipment can be anything from a school bus to office furniture. It would help inform discussion of where the education dollars go by knowing how much of this equipment is for students in classrooms or for the upkeep of the school building or for the school office, for example. And, finally, there is the other services and operating object of expenditure that includes a great variety of expenditures and into which school districts and counties record a sizable amount of expenditures. We need to gain a better understanding of what is included in this category and how to more informatively account for the expenditures.

We sought out the matrix data and district detailed budgets to help us address these limitations. The matrix data are very useful in obtaining more detail on particular objects of expenditure within the state expenditure reporting forms. In particular, the data matrix allows one to distinguish benefit expenditures for a variety of personnel. Unfortunately, the matrix data are available only for particular objects of expenditure. Further, detailed district budgets are very useful in gaining more detailed analyses on district expenditure patterns. The detailed budgets were particularly helpful in giving us an idea of what districts were including in some of the broad objects of expenditure in the J200 or J400 forms. Collecting detailed district budgets, though, is a time-consuming endeavor and collecting them for the over 1,000 school districts in California would be prohibitively so. We were limited to collecting five school district and five county district budgets. Including some of this more detailed information in the state reporting forms would provide a valuable source of data on how the education dollars in California are spent.

Appendix

A. Data Reliability

As with any data that are collected, issues of data reliability and quality need to be addressed. We received the data from the state reporting forms, the J200/J400 forms, in machine readable form on a computer tape from the California Department of Education. The California Department of Education each year submits the J200 and J400 forms on software to school districts and county offices of education. The software has some internal checks of its own including checking that data are entered where they are supposed to be, checking that columns of numbers add up and are consistent with other columns of numbers, and checking that numbers are positive or negative where expected. Typically, school districts complete these forms and pass them on to the counties, which review them. Assuming that everything is complete and validated, the county passes them on to the state. Once received by the California Department of Education, the software from all of the districts is compiled into one data set. The state does not audit the individual district or county forms and no data cleanup occurs once the forms reach the California Department of Education. Since the school districts and county offices are required by law to complete these forms, the California Department of Education receives the forms back from all school districts and county offices of education.

We used the forms as they arrived to us on the data tape from the California Department of Education. There were no missing data on these forms. We did confirm that the individual objects of expenditure for each district added up to object subtotals and to the total expenditures as reported by the districts. Since the expenditures in these forms are self-reported, there are important issues related to misreporting. Many school districts and counties have limited administrative resources, which may result in sloppy accounting procedures. Even with state guidelines for reporting finance data as detailed in the *California School Accounting Manual*, there may be limited time and attention devoted to their completion. In addition, there is the issue of systematic misreporting. There is a frequently expressed concern that certain types of spending, mainly in administration, are not accurately recorded because there are pressures on school districts to report more spending on the classrooms and less on administration.

We do not know the extent to which these issues influence reporting in the J200/J400 forms. Some checks on the data are conducted in part to address these concerns, but whether the checks are adequate is unknown. Each year, each district's reports are given a full audit by a certified accounting firm. The audit is then submitted for review to the relevant county office of education, the state controller's office, and the California Department of Education. The state controller's office each year randomly selects a subset of districts to validate the audit findings. In addition, we used the five detailed district budgets that we acquired to check what spending the districts were including in each of the objects of expenditure and whether they conformed with the definitions given by the *California School Accounting Manual*. We found that for our small sample, no misreporting was taking place. Whether this small sample is representative of the other districts in California is unknown.

We received the matrix data on computer disk from the California Department of Education. The California Department of Education sends the matrix spreadsheet on a computer disk to all school districts with an average daily attendance of 5,000 or above. Response is voluntary, although a large fraction do respond, about 92 percent for the 1991-92 school year. The California Department of Education checks the returned data to see that the matrix data match the object totals in the J200 and J400 forms. If object totals do not match for a district, the California Department of Education works with the district to make the necessary corrections. The matrix data that we received had been cleaned and there were no missing data. Since the expenditures in the matrix data are also self-reported, there are again issues related to misreporting as suggested above in discussions of the J200 and J400 forms. However, the matrix data serve to some extent as a check on what is shown in the J200 and J400 forms by providing additional detail on what is included in particular objects of expenditures on those forms.

The district detailed budgets show the district expenditures at their most basic levels. These budgets show item by item the expenditures that the district made for the year and are used by the districts to arrive at object totals as reported in the J200 and J400 forms. These documents were received from the individual districts in hard copies, in some cases in several volumes. The relevant data were then entered into spreadsheets for our own analyses.

B. Data Sources Used In Determining Particular Types Of Expenditures

Three data sources, in particular, were used to determine the school district general-fund expenditure patterns as outlined in Section 3. First, we relied on the state expenditure reporting forms, the J200 forms. The objects of expenditure contained in the J200 forms served as the basis for determining the types of school district general-fund expenditures that take place. These objects of expenditure as used in our analysis are displayed in Table B.1. Column 1 displays the name of the object of expenditure and column 2 displays the number assigned to the object of expenditure in the J200 database.

The J200 objects of expenditure served as the base for determining the expenditures on all of the types of district general-fund expenditures that we outlined in Section 3. From this base, we used two other sources of data to arrive at more detailed types of expenditure than those available in the objects of expenditure in the J200 forms. Both the data matrix and the school district detailed budgets were used to break the J200 objects of expenditure into more detailed school district expenditure patterns. Table B.2 presents which types of data were used to determine which types of expenditures.

The first column in Table B.2 displays all of the types of expenditures that we divided district general-fund expenditures among, as detailed in Section 3. The second column tells the object of expenditure in the J200 forms from which each type of expenditure that we have outlined is based. For some types of expenditure, the corresponding object of expenditure in the J200 forms told us the total expenditure on that type of expenditure. For example, there is an object of expenditure within the J200 forms called teachers' salaries that was included in total under our expenditure category of classroom personnel and materials. However, the object of expenditure within the J200 forms called equipment was divided among several categories of expenditure to display different types of equipment purchases.

Table B.1

Objects of Expenditure

Object Title	Object Number
Teachers' Salaries	1100
School Administrators' Salaries	1200
Supervisors' Salaries	1300
Librarians' Salaries	1400
Guidance, Welfare, and Attendance Salaries	1500
Physical and Mental Health Salaries	1600
Superintendents' Salaries	1700
Certificated Administrative Personnel's Salaries	1800
Other Certificated Salaries	1900
Instructional Aides' Salaries	2100
Administrative Salaries	2200
Clerical/Office Salaries	2300
Maintenance and Operations Salaries	2400
Food Services Salaries	2500
Transportation Salaries	2600
Other Classified Salaries	2900
Total, Employee Benefits	30TT
Textbooks	4100
Books Other Than Textbooks	4200
Instructional Materials and Supplies	4300
Other Supplies	4500
Pupil Transportation Supplies	4600
Food Services Supplies	4700
Personal Services of Instructional Consultants and Others	5100
Travel and Conferences	5200
Dues and Memberships	5300
Insurance	5400
Utilities and Housekeeping Services	5500
Rentals, Leases, and Repairs	5600
Direct Costs-Interprogram Services	5710
Direct Costs-Interfund Services	5750
Other Services and Operating Expenditures	5800
Sites and Improvement of Sites	6100
Buildings and Improvements of Buildings	6200
Books and Media for New and Expanded Libraries	6300
Equipment	6400
Equipment Replacement	6500
Tuition, Interdistrict Attendance Agreements	7110
ROC/P Tuition, Payments to Districts[1]	7121
ROC/P Tuition, Payments to County Offices	7122
ROC/P Tuition, Payments to JPAs	7123
Special Education Excess Costs, Payments to Districts	7131
Special Education Excess Costs, Payments to County Offices	7132
Special Education Excess Costs, Payments to JPAs	7133
State Special Schools	7140
Other Tuition, Excess Costs and/or Deficits	7190
Total, Direct Support/Indirect Costs	73TT
Total, Prior Year Expenditures/Other Adjustments	75TT

Table B.1—continued

Object Title	Object Number
Debt Service, Public School Building Repayment	7631
Debt Service, State School Building Repayment	7632
Debt Service, Bond Redemptions	7633
Debt Service, Bond Interest and Other Service Charges	7634
Debt Service, Repayment of State School Building Fund Aid—Proceeds from Bonds	7635
Payments to Original District for Acquisition of Property	7636
Debt Service/Other Debt Service Payments	7639
Long-Term Loan Repayment	7641
Other Loan Repayments	7649
Debt Service, All Other Uses	7699
Interagency Transfers	8677

Note: These titles and numbers are from Davis, 1994.

[1] ROC/P are regional occupational centers or programs operated by other school districts or county superintendents of schools. Payments of tuition are made to school districts, county offices, or joint power agencies (JPAs) that run these centers or programs

The third column in Table B.2 provides the percentage of each object of expenditure in the J200 forms that was used in determining the size of the particular type of expenditure. For example, for some types of expenditures, like teachers' salaries, we took the total object of expenditure from the J200 database, and so no additional sources of data were needed to determine the spending on that particular type of expenditure. However, in some cases we found it necessary to break a particular object of expenditure from the J200 forms down into more detailed types of expenditure. In these cases, less than 100 percent of the object of expenditure is included in a given type of expenditure. And we relied on either one or both of the other sources of data to determine the breakdown of the object of expenditure among our various types of expenditures. The total district general-fund spending across all of the objects of expenditure in the J200 forms is divided among our defined types of expenditures. For those cases in which less than 100 percent of the object of expenditure is included in a given type of expenditure, the fourth and fifth columns of Table B.2 show which additional data sources were used to arrive at the percentages shown in column 3. An "X" in column four or five means that for that particular type of expenditure, the data matrix and/or the detailed district budgets were used to determine the percentage of the total object of expenditure that went to that particular type of expenditure. It should be noted that although not shown in the table, for those types of expenditure that we took the total object of expenditure, the data matrix and the detailed budgets were also used to confirm that 100 percent of particular objects of expenditure did fit into one particular type of expenditure and did belong in a particular category of expenditure.

Table B.2

Data Sources Used for Each Type of Expenditure

Type of Expenditure	J200 (Object Code)	Percentage of Object	Data Matrix	Detailed District Budgets
Classroom Personnel and Materials:				
Teachers' Salaries	1100	100%		
Instructional Aides' Salaries	2100	100%		
Benefits--Teachers	30TT	59%	X	
Benefits--Aides	30TT	5%	X	
Retiree Benefits	30TT	6%	X	
Textbooks	4100	100%		
Instructional Materials and Supplies	4300	100%		
Books Other Than Textbooks	4200	100%		
Instructional Equipment	6400	15%	X	X
Direct Services:				
Librarians' Salaries	1400	100%		
Guidance, Welfare, and Attendance Salaries	1500	100%		
Physical and Mental Health Salaries	1600	100%		
Food Services Salaries	2500	100%		
Pupil Transportation Salaries	2600	100%		
Other Classified Salaries	2900	100%		
Benefits Excluding Transportation and Food Services	30TT	4%	X	
Pupil Transportation Benefits	30TT	2%	X	
Food Services Benefits	30TT	.03%	X	
Pupil Transportation Supplies	4600	100%		
Food Services Supplies	4700	100%		
Books and Media for New and Expanded Libraries	6300	100%		
Equipment	6400	15%	X	X
Other Supplies	4500	10%	X	X
School Facilities:				
Maintenance Salaries	2400	24%		X
Operations Salaries	2400	71%		X
Benefits for Maintenance and Operations	30TT	8%	X	
Utilities and Housekeeping Services	5500	85%		X
Rentals, Leases, and Repairs	5600	90%		X
Sites and Improvement of Sites	6100	100%		
Buildings and Improvement of Buildings	6200	100%		
Equipment	6400	40%	X	X
Equipment Replacement	6500	100%		
Other Supplies	4500	50%	X	X
Debt Service/Loan Repayment	(7631.. 7649)+ 7699	100%		

Table B.2—continued

Type of Expenditure	J200 (Object Code)	Percentage of Object	Data Matrix	Detailed District Budgets
School Administrators:				
School Administrators' Salaries	1200	100%		
School Administrators' Benefits	30TT	7%	X	
Other School-Based Expenditures:				
Clerical and Other Office Salaries	2300	60%		X
Personal Services of Instructional Consultants, Lecturers, and Others	5100	100%		
Other Certificated Salaries	1900	100%		
Benefits	30TT	2%	X	
Insurance	5400	100%		
Travel and Conferences	5200	75%		X
Equipment	6400	5%	X	X
Other Supplies	4500	15%	X	X
Other Services and Operating Expenditures	5800	50%	X	X
District Operations:				
Superintendents' Salaries	1700	100%		
Certificated Administrative Personnel's Salaries	1800	100%		
Classified Administrators' Salaries	2200	100%		
Certificated Supervisors' Salaries	1300	100%		
Clerical and Other Office Salaries	2300	40%		X
Maintenance and Operations Salaries	2400	5%		X
Benefits	30TT	7%	X	
Dues and Membership	5300	100%		
Other Services and Operating Expenditures	5800	50%	X	X
Utilities and Housekeeping Services	5500	15%		X
Rentals, Leases, and Repairs	5600	10%		X
Other Supplies	4500	25%	X	X
Equipment	6400	25%	X	X
Travel and Conferences	5300	25%		X
Undistributed School-Based Transfers:				
Interfund/Interprogram/ Interagency Transfers	(7110...7190)+ 5710+ 5750+ 73TT+ 8677	100%		

As shown in Table B.2, 28 of our types of expenditures matched up in total to objects of expenditure in the J200 data set. District general-fund expenditures for these types of expenditures, as outlined in Section 3, totaled $13,244 million. This is about 63 percent of all district general-fund expenditures.

Benefits going to specific personnel groups were determined using the J200 data set and the data matrix. The data matrix told us the percentage of total benefits, object 30TT in the J200 data set, that went to each specific group. District general-fund expenditures for total benefits for all groups were about $3,728 million for the 1992–93 school year. This is 18 percent of all district general-fund expenditures.

The J200 data set together with the detailed budgets were used to determine 11 of our types of expenditures. We used the detailed budgets to break the objects of expenditure called clerical and other office salaries, travel and conferences, and rentals, leases, and repairs between school expenditures and district office expenditures. For example, the detailed district budgets consistently showed that about 60 percent of clerical and other office salaries were paid to personnel in school offices and 40 percent were paid to personnel in district offices. In addition, the one object of expenditure in the J200 data set for maintenance and operations salaries was split into separate expenditures for maintenance and for operations salaries using the detailed budgets. Further, based on the detailed budgets, the expenditures for maintenance and operations salaries were further split between school-based expenditures for maintenance and operations and district office expenditures for maintenance and operations. In the end, for example, it was determined that about 24 percent of the total object for maintenance and operations salaries supported maintenance salaries for school-related activities. District general-fund expenditures on these 11 types of expenditures, as outlined in Section 3, totaled $2,867 million for the 1992–93 school year. This is 14 percent of all general-fund expenditures for that year.

The J200 data set, data matrix, and the detailed district budgets were together used to determine 10 of our types of expenditures. For example, the object of expenditure called equipment was broken down into classroom equipment, direct services equipment, school facilities equipment, school office equipment, and district office equipment using the data matrix and the detailed school district budgets. Likewise, the object of expenditure called other services was broken down into direct services supplies, facility supplies, school office supplies, and district office supplies using the data matrix and the detailed budgets. Cases in which both the data matrix and the detailed budgets were used were cases for which the matrix data gave some information on the breakdown but did not fully answer the question, and so the detailed budgets were needed for additional information. District general-fund expenditures for these 10 types of expenditures, as outlined in Section 3, totaled $1,172 million, or 6 percent of all district general-fund expenditures.

C. Expenditures By Fund

There are many funds through which school districts and county offices of education record their expenditures, with the largest of these funds being the general fund. In this appendix, we will outline the variety of funds through which school districts and counties made expenditures for the 1992–93 school year and the size of those expenditures. Table C.1 presents the different funds and the size of the expenditures from each. The first column lists the fund name, the second column lists the amount of expenditures from each fund for the 1992–93 school year, and the third column lists the percentage of total school district and county spending, or $27,817, that is accounted for by each fund. We have included here school district and county reported spending in the adult education and the child development funds. This spending is not included in our totals for school district and county spending on K–12 education.

The majority of spending, $21,011 million for the 1992–93 school year, takes place from the school districts general fund. As defined, the general fund accounts for the ordinary operations of a governmental unit.[1] Most transactions that are not required by law to be accounted for separately in another fund are accounted for in the general fund. The school district general-fund expenditures account for 75.5 percent of all fund expenditures.

Looking at some of the other funds, we see that the adult education fund is used to account separately for federal, state, and local revenues for adult education programs. The Education Code requires the governing board of each school district receiving adult block entitlement funds for the purpose of operating an adult education program to establish an adult education fund. Expenditures in this fund may be made only for adult education purposes; moneys received for programs other than adult education cannot be expended for adult education. School district expenditures from the adult education fund for the 1992–93 school year were about $482 million or 1.7 percent of all fund expenditures. As noted in earlier sections, we have not included adult education expenditures in our totals for K–12 education expenditures.

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[1] The definitions of all of the funds in this appendix are from California Department of Education, 1992.

Table C.1

Expenditures by Fund

	(Millions of Dollars)	Percentage of all Fund Spending
SCHOOL DISTRICTS:		
General Fund	21,011	75.5
Adult Education Fund	482	1.7
Cafeteria Fund/Account	919	3.3
Child Development Fund	264	0.9
Deferred Maintenance Fund	135	0.5
Pupil Transportation Equipment Fund	3	0.0
Special Reserve Fund	11	0.0
Building Fund	388	1.4
Capital Facilities Fund	338	1.2
State School Building Lease-Purchase Fund	1,013	3.6
Special Reserve Fund	247	0.9
Bond Interest and Redemption Fund	153	0.5
Tax Override Fund	156	0.6
Debt Service Fund	56	0.2
Cafeteria Fund/Account Enterprise	69	0.2
Enterprise Fund	2	0.0
Self-Insurance Fund	917	3.3
Warehouse Revolving Fund	0	0.0
Foundation Fund	8	0.0
Retiree Benefit Fund	8	0.0
Subtotal	**26,178**	**94.1**
COUNTY OFFICES OF EDUCATION:		
County School Service Fund	1,370	4.9
Cafeteria Fund/Account	0	0.0
Child Development Fund	90	0.3
Deferred Maintenance Fund	5	0.0
Pupil Transportation Fund	0	0.0
Special Reserve Fund	1	0.0
Building Fund	0	0.0
Capital Facilities Account/Fund	0	0.0
State School Building Lease-Purchase Fund	5	0.0
Special Reserve Fund	9	0.0
Tax Override Fund	0	0.0
Debt Service Fund	4	0.0
Enterprise Fund	1	0.0
Self-Insurance Fund	153	0.5
Warehouse Revolving Fund	0	0.0
Foundation Fund	0	0.0
Retiree Benefit Fund	0	0.0
Subtotal	**1,639**	**5.9**
TOTAL	**27,817**	**100.0**

NOTE: These are unduplicated fund expenditures. This does not include spending from Joint Powers Agencies which totaled about $129 million for the 1992–93 school year.

The cafeteria fund/account is used to account separately for federal, state, and local revenue to operate the food service program. A school district may exercise the option of handling cafeteria money through the county treasurer or of depositing the money in a local bank. If the cafeteria money is handled through the county treasurer, the accounting records are designated a cafeteria fund, and if handled through a local bank, the accounting records are designated a cafeteria account. The financial transactions of a cafeteria fund or account may not represent the entire cost of the school lunch program of a particular district since certain expenditures for such programs may be met from the general fund. The cafeteria fund or account is used only for expenditures that are necessary for the operation of a LEA's food service program. School district expenditures from the cafeteria fund for the 1992–93 school year were about $919 million, or 3.3 percent of total fund expenditures.

The child development fund is used to account separately for federal, state, and local revenue to operate child development centers. Revenue is derived from appropriations made expressly for this purpose and from fees charged for the admission of children to these centers. Certain administrative costs for operating a children's center may be paid from the general fund of the district; however, a district may transfer to the child development fund the money necessary to cover these costs as an expenditure of this fund rather than the general fund. The child development fund can be used only for necessary expenditures for the operation of child development programs. School district expenditures from the child development fund for the 1992–93 school year were about $264 million, or 0.9 percent of total fund expenditures. Again, as noted in earlier sections, we have not included adult education expenditures in our totals for K–12 education expenditures.

The deferred maintenance fund is used to account separately for state apportionments and LEAs' contributions for deferred maintenance purposes. Expenditures in this fund are for major repairs or replacements of plumbing, heating, air conditioning, electrical, roofing, floor systems, and the exterior and interior painting of school buildings or such other maintenance as may be approved by the State Allocation Board. School district expenditures from the deferred maintenance fund were about $135 million, or 0.5 percent of total fund expenditures, for the 1992–93 school year.

The building fund exists primarily to account separately for proceeds from the sale of bonds. The building fund is the repository for the proceeds from the sale of bonds and is used to finance major capital outlays. School district expenditures from the building fund were about $388 million, or 1.4 percent of total fund expenditures, for the 1992–93 school year.

The capital facilities fund is used primarily to account for moneys received from fees levied on developers or other agencies as a condition of approving a development. Expenditures in the capital facilities fund are restricted to the purposes specified in Government Code sections 65970-65981 or as specified in agreements with the developer. School district expenditures from the capital facilities fund were about $338 million, or 1.2 percent of total fund expenditures, for the 1992–93 school year.

The state school building lease-purchase fund is used primarily to account separately for state apportionments, such as school facilities apportionments. Typical expenditures in this fund include capital outlays for buildings and the improvement of buildings. School district expenditures from the state school building lease-purchase fund were about $1,013 million, or 3.6 percent of total school district and county expenditures, for the 1992–93 school year.

The special reserve fund for capital outlay projects is an optional fund for districts to record revenues in and expenditures from. For districts that choose to use this fund, the special reserve fund includes the accumulation of general-fund money for capital outlay purposes. Other revenues that may be transferred to this fund are proceeds from the sale of lease-with-option-to-purchase property, rentals and leases of property specifically authorized for deposit to the fund by the governing board, and excess amounts sufficient to pay all unpaid bond obligations. School district expenditures from the special reserve fund for capital outlay projects were about $247 million, or 0.9 percent of total fund expenditures, for the 1992–93 school year.

The self-insurance fund is also an optional fund for districts to record revenues in and expenditures from. These funds are created to render services on a cost-reimbursement basis to other organizational units of the LEA. These funds are generally intended to be self-supporting. Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of an LEA. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss. Expenditures from the self-insurance fund are made for the payment of claims, administrative costs, services, deductible insurance amounts, cost of excess insurance, and other related costs. Amounts contributed to a self-insurance fund are lawfully restricted for insurance purposes. School district expenditures from the self-insurance fund were about $917 million, or 3.3 percent of total school district and county expenditures, for the 1992–93 school year.

County offices of education also make expenditures out of a number of funds as shown in Table C.1, but most county expenditures take place from the county school service fund, or the county general fund. The county general fund, like the school district general fund, is used to account for the ordinary operations of a governmental unit. All transactions except for those required by law to be in another fund are accounted for in the general fund. The county general-fund expenditures were about $1,370 million for the 1992–93 school year. They account for 4.9 percent of all fund expenditures.

Together, the school district general-fund and the county general-fund expenditures account for about 80 percent of all fund expenditures. Removing the adult education fund and the child development funds from the calculation, the school district and county general funds account for about 83 percent of all fund expenditures.

D. Variations in Per-Pupil Expenditures Across School Districts

This report has documented average state per-pupil expenditures. These per-pupil expenditures can vary greatly across districts. In this appendix, we want to present some pictures of the variation that exists in per-pupil expenditures across school districts for each of the district general-fund categories of expenditures (classroom personnel and materials, direct services, school facilities, school administration, other school-based expenditures, and district operations), as outlined in Section 3.

We will present scatterplots of district per-pupil expenditures against school district size.[1] We could have shown this variation against a number of variables such as wealth of the district or size of the minority population in the district. The size of the districts was used as one way of displaying the variations in per-pupil spending that we found across districts.

CLASSROOM PERSONNEL AND MATERIALS

In Section 3, we divided total school district expenditures on classroom personnel and materials by all 5,149,597 students enrolled in California's school districts in the 1992–93 school year to arrive at a state average expenditure of $2,544 per pupil.

This state average hides variations that exist across school districts in per-pupil spending on classroom personnel and materials. Figure D.1 displays that variation in a scatterplot.

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[1] One school district in California is not included in any of the figures in this appendix because its spending on the categories of expenditure was far outside the range of the other districts in California. The district enrolls 24 students and had expenditures on classroom personnel and materials of $14,672 per pupil, on direct services of $8,327 per pupil, on school facilities of $15,530 per pupil, on school administrators of $1,144 per pupil, on other school-based expenditures of $7,198 per pupil, and on district operations of $10,000 per pupil.

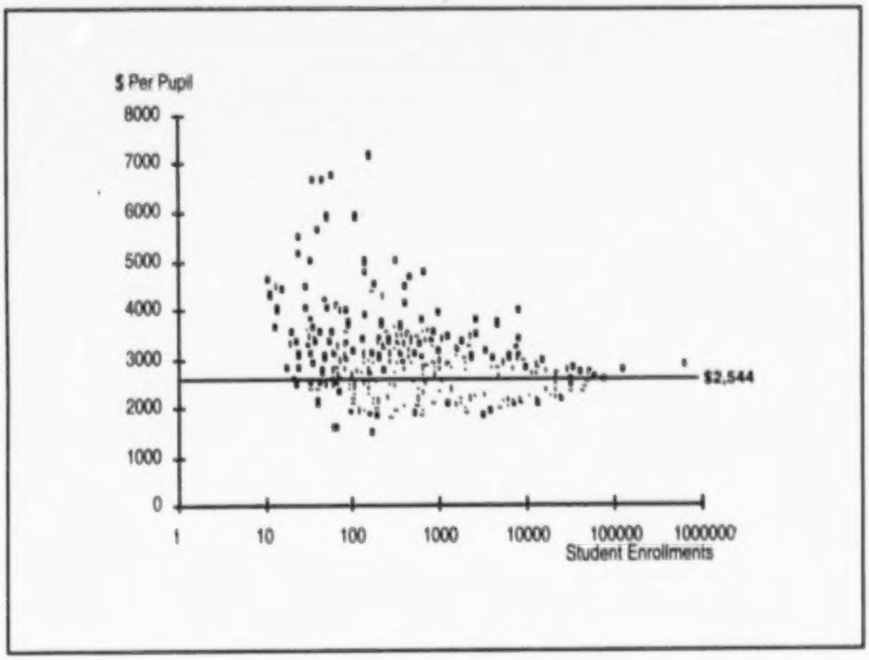

Fig. D.1-Classroom Personnel and Materials

The y-axis shows per-pupil expenditures on classroom personnel and materials.[2] The x-axis shows student enrollments for each school district in California. The x-axis is displayed in logarithmic scale because of the large size differentials of California's 1,000-plus school districts. There are many school districts in California with fewer than 100 students, while there are a few school districts in California with over 50,000 students and one school district, Los Angeles Unified School District, with over 600,000 students. To show all of the school districts in California on one graph, it was necessary to put the student enrollments on a logarithmic scale.

In Section 3, we arrived at a statewide average per-pupil expenditure on classroom personnel and materials of about $2,544. This figure was arrived at by adding classroom personnel and materials expenditures across all school districts in California and then dividing that figure by total enrollments in California's schools. That average expenditure is shown as a line through the data in Figure D.1.

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[2] Because considerably more is spent per pupil on classroom personnel and materials than on any of the other categories of expenditure, the scale on the y-axis is different for this category from the other categories.

As Figure D.1 shows, there is variation around that average, particularly for the smaller school districts. Those school districts with between about 10 and 500 students show the greatest variation in per-pupil expenditures. The largest school districts are grouped fairly closely around $2,544 per pupil.

The average per-pupil expenditure on classroom personnel and materials in school districts in California is $2,626. This school district average is arrived at by taking the average of all school districts' per-pupil expenditures. The median per-pupil expenditure is $2,471. The minimum per-pupil expenditure is $1,485 and the maximum per-pupil expenditure is $14,672 (see footnote 1 of this appendix). For this and all of the other categories of expenditures, the maximum and minimum per-pupil expenditures are made by relatively very small school districts.

DIRECT SERVICES

In Section 3, we arrived at a statewide average per-pupil expenditure on direct services of $277. The variation that exists across school districts in per-pupil spending on direct services is displayed in Figure D.2. Figures D.2 though D.6 are shown on the same scales for comparison purposes.

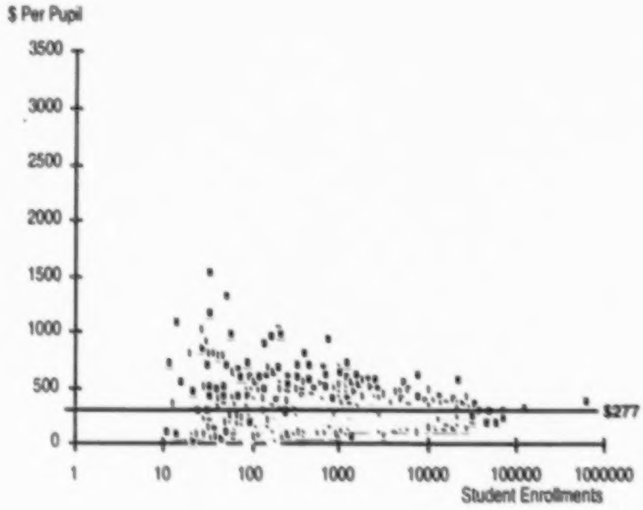

Fig. D.2—Direct Services

Again, the y-axis shows per-pupil expenditures on direct services and the x-axis shows in logarithmic scale the student enrollments for each school district in California. The statewide average per-pupil expenditure on direct services of about $277 is shown with a line through the data in Figure D.2.

As Figure D.2 shows, there is variation around that average, particularly for the smaller school districts. Those school districts with between 10 and 100 students show the greatest variation in per-pupil expenditures. The largest school districts are again grouped fairly closely around that average per pupil.

Taking the average of per-pupil expenditures in school districts in California results in an average expenditure of $288 per pupil on direct services. The median per-pupil expenditure is $251. The minimum per-pupil expenditure is $17, and the maximum per-pupil expenditure is $8,327 (see footnote 1 of this appendix).

SCHOOL FACILITIES

In Section 3, we divided total school district expenditures on school facilities by the students enrolled in California's school districts to arrive at a statewide average per-pupil expenditure of $445.

The variation in school district expenditures on school facilities around this statewide per-pupil average is shown in Figure D.3.

There are a few small school districts with high enough per-pupil expenditures on school facilities that they clearly stick out of the diagram. In contrast, the largest school districts are grouped fairly closely around $445 per pupil.

The average per-pupil expenditure on school facilities in school districts in California is $516. This average is being pulled up by the few small school districts that spent a relatively large amount per pupil on school facilities. The median per-pupil expenditure is $432. The minimum per-pupil expenditure is $188, and the maximum per-pupil expenditure is $15,530 (see footnote 1 of this appendix). Both the minimum and the maximum are spent by very small school districts.

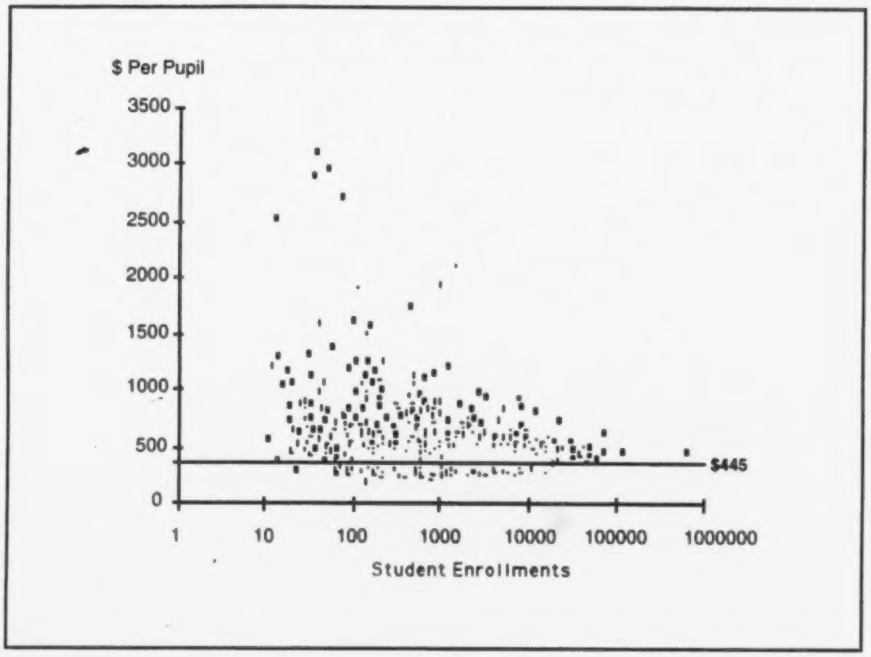

Fig. D.3—School Facilities

SCHOOL ADMINISTRATORS

Figure D.4 shows the per-pupil spending on school administrators' salaries and benefits for each school district in California. The statewide average per-pupil expenditure of $183, as calculated in Section 3, is shown as a solid line.

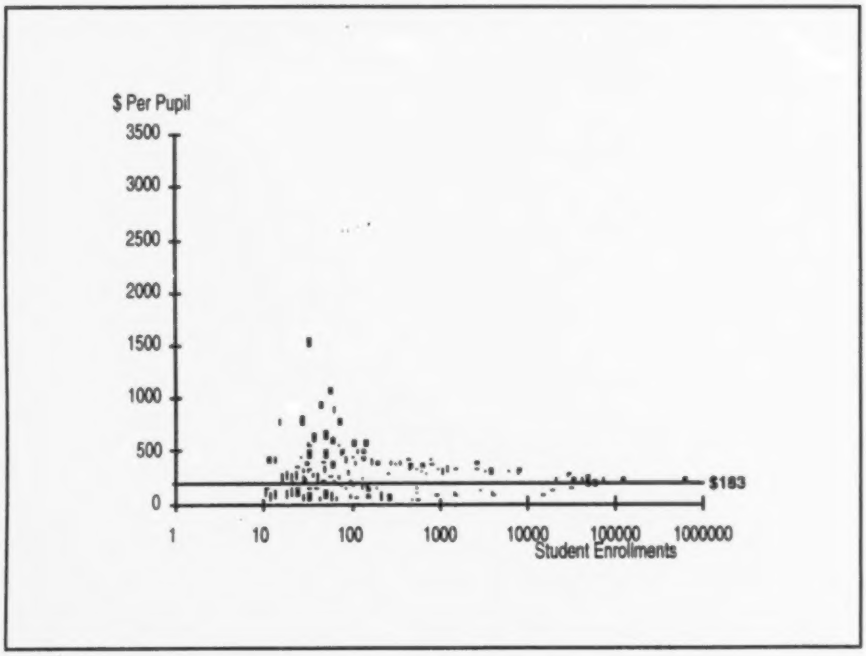

Fig. D.4—School Administrators

The minimum per-pupil expenditure on school administrators of $30 was made by a school district with 149 students. The maximum per-pupil expenditure was $1,516 and made by a school district with 34 students. Taking the average of the per-pupil expenditures made by each district on school administrators results in an average expenditure of $201 per pupil. The median per-pupil expenditure for the 1992–93 school year was $183.

OTHER SCHOOL-BASED EXPENDITURES

Figure D.5 shows the per-pupil spending on other school-based expenditures for each school district in California by size of school district. The statewide average per-pupil expenditure of $300, as calculated in Section 3, is shown as a solid line.

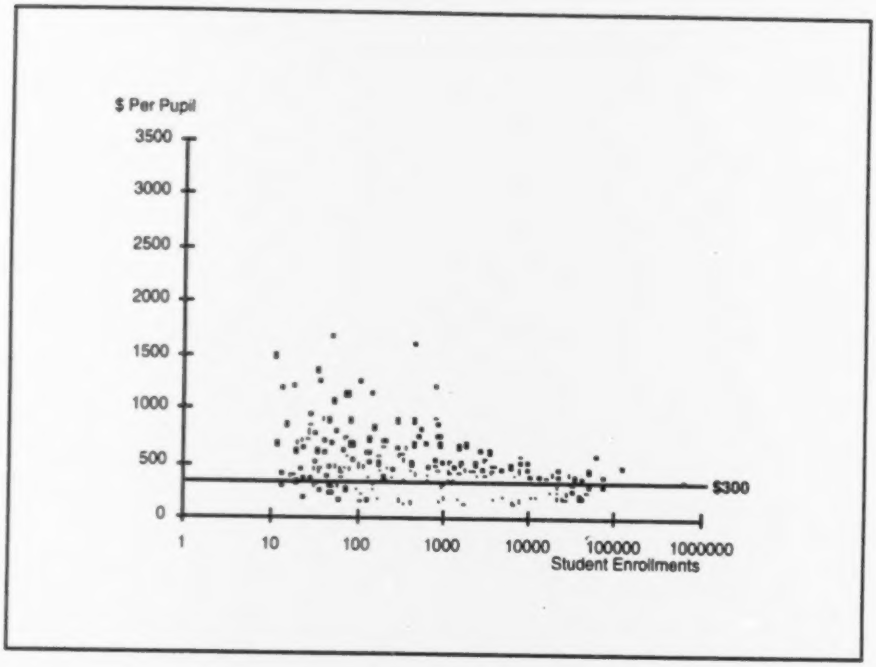

Fig. D.5—Other School-Based Expenditures

The minimum per-pupil other school-based expenditures of $123 was made by a school district with 382 students. The maximum per-pupil expenditure was $7,198 and made by a school district with 24 students (see footnote 1 of this appendix). Taking the average of the per-pupil expenditures made by each district on school administrators results in an average expenditure of $329 per pupil. The median per-pupil expenditure for the 1992–93 school year was $278.

DISTRICT OPERATIONS

In Section 3, we arrived at a statewide average per-pupil expenditure on district operations of about $343. The variation in per-pupil spending on district operations across school districts is displayed in Figure D.6.

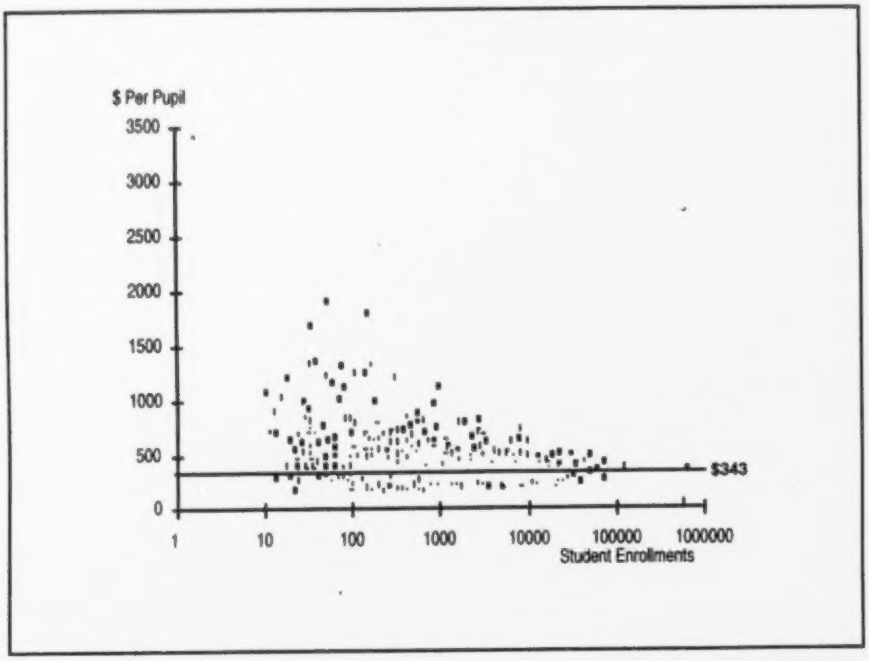

Fig. D.6—District Operations

As Figure D.6 shows, there is variation around the average per-pupil expenditure of $343, particularly for the smaller school districts. Those school districts with between 10 and 100 students show the greatest variation in per-pupil expenditures. The largest school districts are grouped fairly closely around the statewide average of $343 per pupil.

The average per-pupil expenditure in school districts in California is $408. The median per-pupil expenditure is $348. The minimum per-pupil expenditure of $162 was made by a school district with 642 students, and the maximum per-pupil expenditure of $14,672 was by a school district with 24 students (see footnote 1 of this appendix).

E. Determining A "Base" Per-Pupil Expenditure

In this report, we have documented statewide average per-pupil expenditures across all students in all school districts in California. In Sections 6 and 7, we began to look at how those per-pupil expenditures differ for different kinds of students. In the process of researching this report, several people suggested that it would be interesting to document how much money gets spent on an average student who gets no special-needs money, in which categories of expenditure that money gets spent, and the sources of that money. This would allow us a base per-pupil expenditure from which to calculate all additional expenditures.

In fact, it is very difficult to separate the money that goes only to non-special-needs students. In this appendix, we will provide a sense of what we do and do not know about what money goes to which students and the difficulty in calculating what money goes to a student who receives no special-needs money.

Expenditures in the J200/J400 data sets are by object of expenditure, such as teachers' salaries or school administrators' salaries, and do not specify which types of students are receiving which types of expenditures. The J200/J400 data sets do provide revenue numbers that contain some information useful in addressing this issue. For example, California's school districts and counties reported revenues of about $2.3 billion from the federal government for the 1992–93 school year. About 32 percent of this money came from the federal Chapter 1 program, about 29 percent from the federal child nutrition program, and another 11 percent was from the federal special education program. In addition, school districts and counties reported receiving another 6 percent of their federal revenues for maintenance, operations, and school construction, 4 percent from the Economic Opportunity Act, 3 percent from the Joint Training Partnership Act (JTPA), 2 percent from the Vocational Education Act, 2 percent from the Drug/Alcohol/Tobacco Funds, and 1 percent from the Forest Reserve Funds. The rest of the federal funds came from a variety of other small federal programs of support.

Some of this money, such as special education and Chapter 1 money, is clearly earmarked for the special-needs populations. While we do not know exactly where this money is being spent, it seems likely that most of this spending is supporting teachers and materials in classrooms. The rest of the federal money is likely being spent on some combination of special-needs and non-special-needs students and at a variety of places within school districts and counties. Some federal money, such as school construction money, can be thought to be spent on an equal per-pupil basis across all students. For other federal revenues, such as from the JTPA, we do not know how the money divides among different types of students. Further, we do not know whether money that is not earmarked to the special–needs populations is being used to supplement special–needs education or whether special–needs money goes to programs that either directly or indirectly support non-special–needs students. This makes documenting how much money gets spent on an average student who gets no special–needs money very difficult to determine.

Other sources of information to examine how much money goes to a student who receives no special–needs money are the J380/J580 data sets. These data sets take the total general-fund expenditures as recorded by school districts and counties in the J200/J400 forms and divide those expenditures among different programs such as special education and Chapter 1. The J200 data set reported about $21,011 million of district general-fund spending for the 1992–93 school year. The J400 data set reported about $1,370 million of county general-fund spending for the 1992–93 school year. While the J200 and J400 data sets divide this spending among types of spending such as teachers' salaries, librarians' salaries, textbooks, etc., the J380 and J580 data sets divide this spending among programs of expenditures.

For example, the J380 data set reports that about 66 percent of district general-fund expenditures goes to "Regular Education." Another about 13 percent of district general-fund expenditures goes to special education programs, 2 percent goes to Chapter 1 programs, 2 percent goes to integration/desegregation programs, 1 percent goes to economic impact aid expenditures, and 1 percent goes to school improvement programs. There are many other small programs that make up the rest of the district general-fund expenditures.

In contrast, the J580 data set reports that about 21 percent of county general-fund expenditures goes to "Regular Education." About 41 percent of county expenditures goes to special education programs, about 6 percent to county community school programs, about 5 percent to Head Start programs, about 5 percent to Chapter 1 programs, and about 5 percent to juvenile hall programs. There are many other smaller programs that make up the rest of county general-fund expenditures.

Again, these data sources give us some information on what money goes to a student who does not receive any special–needs money. Some of these expenditures, such as special education and Chapter 1 expenditures, are earmarked for the special–needs populations. Also, as suggested in Section 7, we see that only a small portion of county expenditures go to "Regular Education." But again we are left not knowing how much of the rest of the expenditures are going to students not receiving special-needs money. For example, those expenditures classified as

"Regular Education" expenditures go to those students not receiving special–needs moneys, but some of the expenditures also go to students receiving special-needs moneys. Included in "Regular Education" are expenditures on librarians, school administrators, and district administrators whose services are shared by all students. Also included in "Regular Education" are teachers' salaries. But, "Regular Education" teachers also spend some of their time with those students receiving special–needs moneys. Further, the J380/J580 databases only record one number for "Regular Education," and so we do not know the share of that total that is going to teachers, librarians, school administrators, or district administrators, for example. Further, expenditures on some of the programs listed separately from "Regular Education," such as integration/desegregation programs and school improvement programs, support all students.

Ideally, we would like to have the types of expenditures as detailed in the J200/J400 data sets but recorded separately for those students receiving no special–needs money. That would allow us to determine what students are receiving over and above the base expenditure on students receiving no special-needs money. Further, we would know if those expenditures were taking place on classroom personnel and materials, direct services, or district operations, for example. Currently, that information is not collected by the state or by the school districts or counties. The current level of data can tell us whether the education money is coming from state, federal, or local sources and through what programs it is arriving. This provides some idea of how much money is earmarked for specific students with particular needs. Further, we know how much school districts and counties are spending on "Regular Education" programs versus other programs. These data sources provide some initial steps toward calculating how much money gets spent on an average student who gets no special-needs money, in which categories of expenditure that money gets spent, and the sources of that money. But, limitations, such as those suggested above, do not allow us to determine a "base" per-pupil expenditure at this time.

F. Sources of Funds

This report has detailed how the California education dollars were spent in the 1992–93 school year. This appendix shows the sources of California education dollars over time.

Table F.1

Sources of K—12 Funds

	State Funds	Local Property Taxes	Lottery Funds	Federal Funds	Other Local Sources	Total Revenues
1980-81($billions)	7.81	2.41	0	1.16	.90	12.28
Percent	64%	20%	0%	9%	7%	100%
1981-82($billions)	7.76	2.93	0	1.00	.83	12.53
Percent	62%	23%	0%	8%	7%	100%
1982-83($billions)	7.89	2.94	0	.96	.85	12.64
Percent	62%	23%	0%	8%	7%	100%
1983-84($billions)	8.72	2.98	0	1.02	.86	13.58
Percent	64%	22%	0%	7%	6%	100%
1984-85($billions)	9.94	3.30	0	1.10	.92	15.25
Percent	65%	22%	0%	7%	6%	100%
1985-86($billions)	10.81	3.60	.56	1.13	1.00	17.09
Percent	63%	21%	3%	7%	6%	100%
1986-87($billions)	12.17	3.80	.41	1.17	.98	18.54
Percent	66%	21%	2%	6%	5%	100%
1987-88($billions)	12.49	4.11	.59	1.35	1.59	20.12
Percent	62%	20%	3%	7%	8%	100%
1988-89($billions)	13.57	4.47	.91	1.52	1.77	22.23
Percent	61%	20%	4%	7%	8%	100%
1989-90($billions)	15.01	4.80	.78	1.63	1.94	24.17
Percent	62%	20%	3%	7%	8%	100%
1990-91($billions)	15.77	5.25	.60	1.77	1.77	25.16
Percent	63%	21%	2%	7%	7%	100%
1991-92($billions)	16.51	5.64	.43	2.04	1.85	26.47
Percent	62%	21%	2%	8%	7%	100%
1992–93($billions)	16.26	6.85	.48	2.26	1.79	27.63
Percent	59%	25%	2%	8%	6%	100%
1993-94($billions)	14.56	9.12	.54	2.38	1.80	28.39
Percent	51%	32%	2%	8%	6%	100%

NOTE: These numbers are from the Governor's Budget Summary, various years.

As Table F.1 shows, K–12 education in California receives revenues from state funds, local property taxes, lottery funds, federal funds, and other local sources. The total revenues for K–12 education for the 1992–93 school year, the year for which we have documented expenditures in this report, were $27.63 billion.

The state funds include revenue limit sources as well as special purpose money for such programs as special education, gifted and talented programs, home-to-school transportation, school improvement programs, economic impact aid, child nutrition programs, and deferred maintenance allowances. State funds accounted for about 64 percent of total K–12 revenues in 1980-81. The share of total K–12 revenues coming from state funds dropped to 59 percent in 1992–93 and then to 51 percent in 1993-94. The share of K–12 revenues coming from state funds has fallen because the state has reduced its burden for funding K–12 education by shifting local revenues from local governments to K–12 school districts. The governor's 1992–93 budget shifted $1.3 billion in local revenues from local governments (cities, counties, special districts, redevelopment agencies, and enterprise districts) to K–12 school districts and community college districts. The 1993-94 governor's budget called for a $2.6 billion permanent shift in local revenues from local governments to K–12 school districts and community colleges. Almost the entirety of these additional local revenues went to K–12 school districts. The additional property tax revenues do not increase the resources available to K–12 education but rather reduce the burden on state general-fund revenues. The local property tax shift results in a larger share of total resources to K–12 education being provided by local property taxes.[1]

Beginning in 1985-86, lottery funds provided about $.56 billion for K–12 education, or 3 percent of total K–12 revenues. Lottery funds have provided between 2 and 4 percent of total K–12 revenues over time. Since 1990-91, lottery funds have consistently provided about 2 percent of total K–12 revenues. Federal funds have consistently provided about 7 to 8 percent of total K–12 revenues over time. For the 1992–93 school year, federal funds provided about $2.26 billion, or 8 percent of total K–12 revenues. These federal funds include money for school construction, Chapter 1, JTPA, special education, child nutrition programs, and vocational education.

Other local funds include a wide variety of local support. Included in this category are building funds, sale of property, sale of bonds, cafeteria funds, and food services sales. For the 1992–93 school year, other local funds provided about $1.79 billion, or 6 percent of total K–12 revenues.

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[1] See Shires, et. al., 1993, Appendix C.

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